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ABSTRACT

Illinois' education finance plan is described in the first of this report's two chapters, and the second chapter considers the finance plan's equity. Chapter 1 covers the state's Resource Equalizer Aid Program and the tax revenue it guarantees districts; the calculation of maximum tax guarantees and local shares; the apportionment of state aid; the proration of and ceilings on state aid; general purpose revenues; and categorical program aid. Exercises are provided to test the reader's grasp of the concepts and formulas presented. Chapter 2 discusses equity in the distribution of resources, equity in the raising of resources, disparities in district wealth, and variations among districts in local tax effort and level of expenditure. Tables provide data relevant to the aspects of school finance under consideration. Appendixes describe the calculation of attendance for tax allocation purposes; the Illinois Minimum Foundation Program used prior to enactment of the Resource Equalizer Aid Program in 1973; the equalizer aid program's provisions for growing districts; and an explanation of the sampling procedure used to generate representative data used in the text. A bibliography, a glossary, and answers to the exercises are also provided. (PGD)

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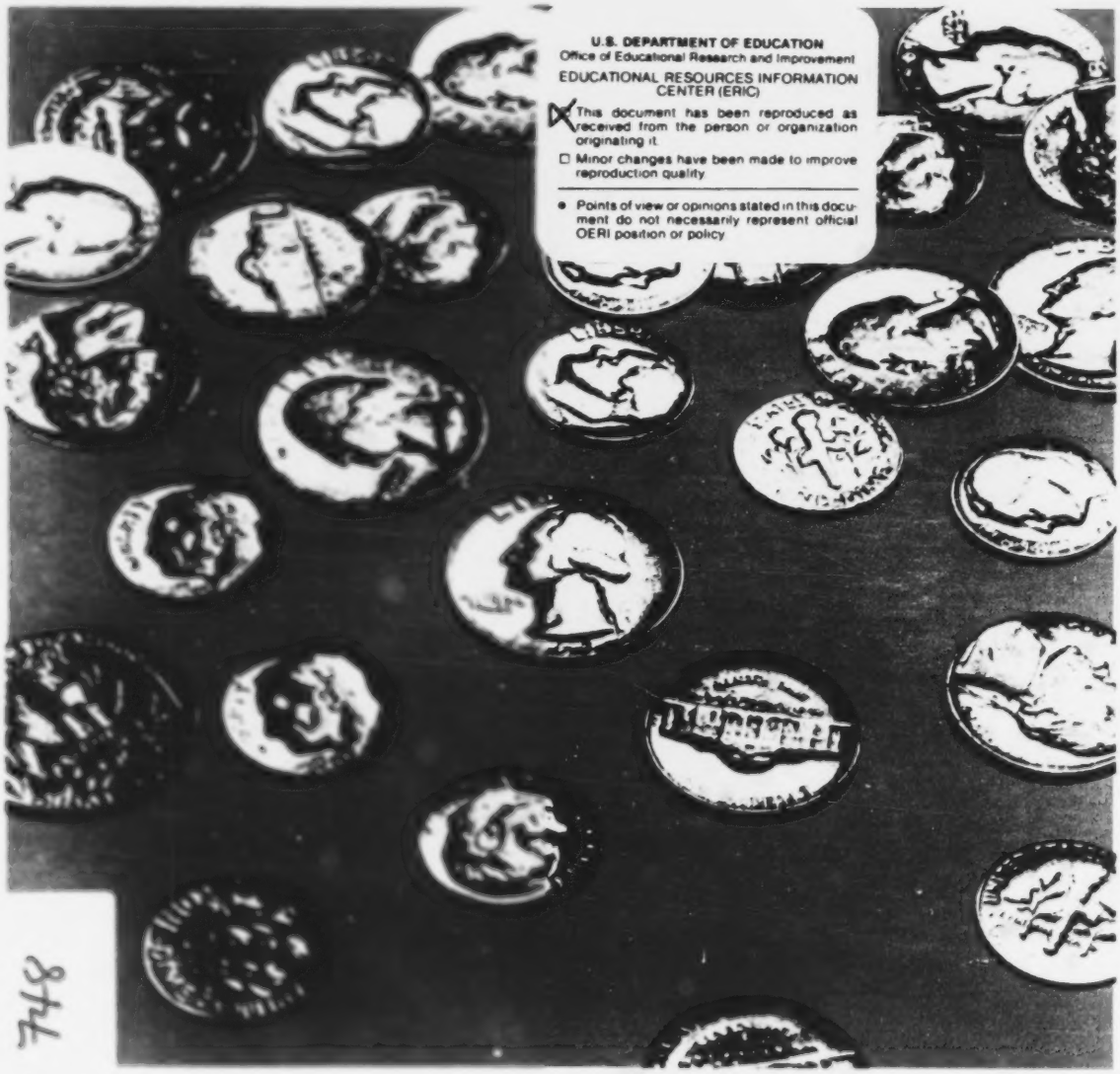
MONEY AND EDUCATION

A GUIDE TO ILLINOIS SCHOOL FINANCE



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MONEY AND EDUCATION

A GUIDE TO ILLINOIS SCHOOL FINANCE

by
Donald McMaster
Judy G. Sinkin

September 1979

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PREFACE

This publication is the result of a National Institute of Education grant to the American Federation of Teachers who worked in cooperation with the Educational Policy Research Institute of the Education Testing Service.

A "Guide to Illinois School Finance" is one of a series of handbooks prepared for use at workshops designed to assist teachers, administrators, legislators and other interested parties in understanding and dealing with the intricacies of school finance equalization plans in their states. In the past these issues have been debated in relative isolation by a handful of experts.

States were selected for analysis either because they are currently undergoing significant changes in their education finance systems or because current within state disparities suggest that new finance legislation may soon be considered. Workshops have been conducted in California, Florida, Illinois, Michigan, Ohio, New York, Pennsylvania, Rhode Island and Texas and work will continue in two additional states this year.

It is our hope that through the dissemination of these handbooks, to a wider audience of informed individuals, many more people will be able to effectively take part in the debates and decisions affecting the financing of our nation's schools.

David R. Mandel
Acting Assistant Director
Educational Finance
Program

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CHAPTER I

STATE SUPPORT FOR ELEMENTARY AND SECONDARY EDUCATION

The revenue available to an Illinois school district for educational purposes is a combination of revenue raised locally, revenue provided by the state and federal revenue. Over the past ten years, the state has assumed an increasing share of the cost of public education. State support has increased from $368 million in 1966-67 to $2 billion during 1976-77. In 1966-67 state support accounted for only 25 percent of the revenue available to school districts, while in 1976-77 state support accounted for 47 percent of the school district revenues. Although the total locally raised revenue available for education has almost doubled in the last ten years (from $1 billion in 1966-67 to $1.9 billion during 1976-77), the local share accounts for a declining percentage of the total revenue available for education, from 69 percent in 1966-67 to 45 percent during 1976-77.

State aid is provided in two basic forms in Illinois: general purpose aid and categorical aid. General purpose aid is provided through the Common School Fund and accounts for the majority of state aid to school districts, 63 percent in 1976-77. Categorical aid is used for funding special programs and services and accounted for 27 percent of state aid to school districts.

General purpose aid from the Common School Fund is distributed to school districts through one of two state aid programs: Minimum Foundation Program (Strayer-Haig) or Resource Equalizer Aid Program. Prior to 1973, the Minimum Foundation Program was the only basis for the distribution of state aid to school districts. It addresses disparities in districts' ability to support the cost of education. Under the Minimum Foundation Program, the state determines a per pupil cost it will support and guarantees every school district will have at least this amount per pupil. To participate in the program, a school district is required to levy a state determined tax rate. State aid is the difference between the guaranteed per pupil cost and what a local district raises using the state set tax rate.

A second program for distributing state aid to school districts was enacted in 1973 by the Illinois legislature. This program, the Resource Equalizer Aid Program, draws upon an equalization formula known as a Guaranteed Tax Base.[1] While the Minimum Foundation Program emphasizes a state-determined tax rate and a district's local tax base, the Guaranteed Tax Base assures that every district in the state can act as though it has a tax base similar to a predetermined state set level. Under a guaranteed tax base program a school district chooses its tax rate for education. This tax rate is applied to the guaranteed tax base and the actual tax base for the district. State aid is the difference between what would be raised from the guaranteed tax base and what can actually be raised from the local tax base.

Since 1973, school districts have been able to choose which program will be the basis of their state aid allocation. During 1976-77, 84 percent of Illinois school districts chose to receive aid under the Resource Equalizer Aid Program. This accounted for 99 percent of the state general purpose aid. The remaining 16 percent of the districts chose the Minimum Foundation Program and received 1 percent of the aid. The reason for this is that the majority of districts can obtain more state aid under the Resource Equalizer Program than under the Minimum Foundation Program.

This chapter describes Illinois' education finance plan. The first part of this chapter outlines the major features of the dominant state aid distribution program, the Resource Equalizer Aid Program, including the step-by-step calculation of a district's state aid allocation. To assist you in understanding Illinois' state aid formula, exercises appear throughout the chapter. You should complete each set of exercises before proceeding to new meterial. A complete description of Illinois' Minimum Foundation Program can be found in Appendix B. A glossary is located at the end of this manual to aid you in understanding school finance terms.

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[1]For an overview of a Guaranteed Tax Base Plan see Chapter 2 of Plain Talk About School Finance, Margaret Goertz, Jay Moskowitz and Judy Sinkin, Washington, D.C.: Education Policy Research Institute (EPRI) of the Educational Testing Service, 1977.

Resource Equalizer Aid Program

Under Illinois' Resource Equalizer Aid Program, every school district is guaranteed access to a state-set per pupil tax base known as the Guaranteed Tax Base. This tax base, in combination with the district tax rate, determines each district's Guaranteed Revenue per pupil. Local School districts must contribute to the state Guaranteed Revenue. The Local Share is determined by levying a district chosen tax rate on the district tax base per pupil. State Aid per pupil is the difference between the Guaranteed Revenue per pupil and the Local Share.

State Aid Per Pupil	=	Guaranteed Revenue Per Pupil	-	Local Share Per Pupil

Guaranteed Revenue

Illinois' Resource Equalizer Aid Program assures every school district that it can act as if it has the state Guaranteed Tax Base per pupil. This Guaranteed Tax Base, multiplied by the district's tax rate, determines the Guaranteed Revenue per pupil for each district.

District Guaranteed Revenue Per Pupil	=	Guaranteed Tax Base Per Pupil	x	District Tax Rate

Guaranteed Tax Base. The Guaranteed Tax Base is different for each type of Illinois school district: (1) Elementary, (2) High School and (3) Unit. Table 1 displays the per pupil Guaranteed Tax Base for each type of district.

TABLE 1

GUARANTEED TAX BASES FOR 1976-77

District Type	Guaranteed Tax Base Per Pupil
(1) Elementary	$ 66,300
(2) High School	122,000
(3) Unit	43,500

District Tax Rate. To determine the Guaranteed Revenue for a district you need to know the district tax rate. Under the Resource Equalizer Aid formula, each district chooses the tax it will levy to support education. This tax rate, known as the district operating tax rate,[1] is multiplied by the Guaranteed Tax Base per pupil. Table 2 shows the calculation of the Guaranteed Revenue per pupil for three elementary districts with differing tax rates. The tax rate is expressed as a percentage of the tax base. A district that levies a tax of one dollar on each $100 of property valuation levies a 1 percent tax. This is expressed as a decimal value e.g. .01 for calculating the district's Guaranteed Revenue. Districts choose their tax rate for education. A higher tax rate results in a higher per pupil guarantee. The Guaranteed Revenue for District A is $66,300 x .005 or $331.50 per pupil whereas District C with a tax rate of .015 has a Guaranteed Tax Base of $66,300 x .015 or $994.50 per pupil.

TABLE 2

CALCULATION OF GUARANTEED REVENUE PER PUPIL
(THREE ELEMENTARY DISTRICTS)

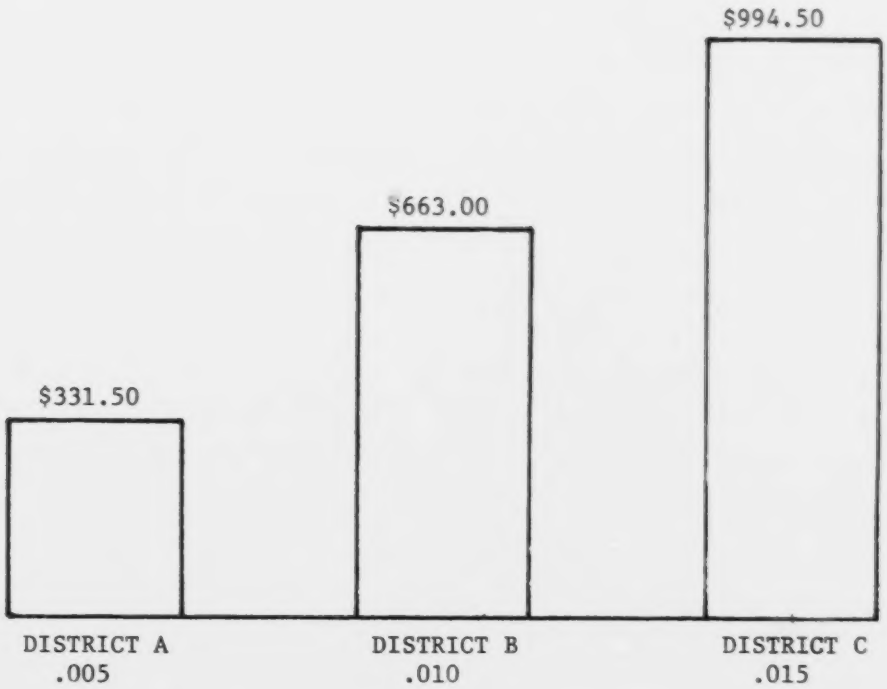
District	Guaranteed Tax Base Per Pupil	District Tax Rate	Guaranteed Revenue Per Pupil
A	$ 66,300	.005	$ 331.50
B	66,300	.01	663.00
C	66,300	.015	994.50

[1] In Illinois, a district's operating tax rate is defined as "all taxes to support funds except bond and interest, rent, transportation, special education instruction, operations, building and maintenance, capital improvement fund and vocation building fund."

Figure 1 graphically displays the effect of a district's tax effort on its Guaranteed Revenue per pupil for over three elementary districts in Table 2.

FIGURE 1

EFFECT OF TAX EFFORT ON GUARANTEED REVENUE
(THREE ELEMENTARY DISTRICTS)



Note in Figure 1:

- Each district has the Guaranteed Tax Base for an Elementary District of $66,300 per pupil. The district's tax rate is displayed at the bottom of each bar.
- A district's Guaranteed Revenue is the Guaranteed Tax Base multiplied by the district tax rate. Guaranteed Revenue is displayed at the top of each bar.
- Districts with a higher tax rate have a higher Guaranteed Revenue.

Thus far you have seen how differing tax rates affect the Guaranteed Revenue per pupil. The level of the Guaranteed Tax Base also affects the Guaranteed Revenue. Remember, there is a different Guaranteed Tax Base for each type of Illinois school district: (1) Elementary, (2) High School, and (3) Unit. Table 3 shows the Guaranteed Revenue for a district of each type. In this Table we have assumed that each district levies the same tax rate, a tax of 1 percent or .01.

TABLE 3

CALCULATION OF GUARANTEED REVENUE PER PUPIL
(THREE DISTRICT TYPES)

District Type	Guaranteed Tax Base Per Pupil	District Tax Rate	Guaranteed Revenue Per Pupil
Elementary	$ 66,300	.01	$ 663.00
High School	120,000	.01	1,200.00
Unit	43,500	.01	435.00

Note in Table 3:

- The Guaranteed Tax Base is different for each type of Illinois school district.
- Each district levies the same tax rate of .01. However, a unit district has the lowest Guaranteed Revenue, $435 per pupil, and a high school district has the highest Guaranteed Revenue per pupil, $1,200.

Exercises on Guaranteed Revenue

District Guaranteed Revenue Per Pupil = Guaranteed Tax Base Per Pupil x District Tax Rate

1. A district which levies a tax of 3 dollars per hundred dollars has a 3 percent tax rate. Express this tax as a decimal value.

   a. .003
   b. .3
   c. .03
   d. 3.00

2. What is the Guaranteed Revenue per pupil for an elementary district which levies a 1.4 percent tax rate?

   a. $9,282
   b. $928.20
   c. $92.82
   d. $1,260

3. A unit district has a tax rate of .025. What is its Guaranteed Revenue per pupil?

   a. $2,983.50
   b. $1,132.50
   c. $1,260
   d. $1,087.50

4. A high school district with a tax rate of .0095 is guaranteed what amount of revenue per pupil?

   a. $413.25
   b. $629.85
   c. $1,140
   d. $1,260

5. A high school district levies a .0075 tax rate. What is this district's Guaranteed Revenue per pupil?

   a. $497.25
   b. $326.25
   c. $90
   d. $900

6. A unit district levies a 2.5 percent tax rate. What is its Guaranteed Revenue per pupil?

   a. $1,657.50
   b. $3,000
   c. $1,087.50
   d. $108.75

Maximum Guarantee

Under the Resource Equalizer Aid Program, there are limits on the tax rates districts can use to determine the Guaranteed Revenue per pupil. This tax rate limit is different for each type of school district. Table 4 shows these maximum tax rates and the calculating of the maximum Guaranteed Revenue for each type of district.

TABLE 4

MAXIMUM TAX RATES AND GUARANTEED REVENUE PER PUPIL

Type of District	Guaranteed Tax Base Per Pupil	Maximum District Tax Rate	Maximum Guaranteed Revenue Per Pupil
Elementary	$ 66,300	.0190	$ 1,260
High School	120,000	.0105	1,260
Unit	43,500	.0290	1,260

A district may levy more than the maximum tax rate. However, to calculate its Guaranteed Revenue per pupil a district cannot use a tax rate greater than those displayed above. Thus, if an elementary district levies a tax rate of .03, it will still use .019 to calculate its Guaranteed Revenue. It will have a guarantee of $1,260 per pupil. The Guaranteed Revenue of any district with a tax rate above the maximum tax rate is $1,260 per pupil.

Exercises on Maximum Guarantee

District Guaranteed Revenue Per Pupil = Guaranteed Tax Base Per Pupil x District Tax Rate (Not to exceed Maximum)

7. An elementary district levies a 1.95 percent tax rate. What is its Guaranteed Revenue per pupil?

   a. $129.28
   b. $1,260
   c. $1,292.85
   d. $848.25

8. A high school district levies a tax of .02. What is this district's Guaranteed Revenue per pupil?

   a. $1,260
   b. $2,400
   c. $696.15
   d. $1,800

9. A unit district with a 3.5 percent tax has what Guaranteed Revenue per pupil?

   a. $2,320.50
   b. $152.25
   c. $1,522.50
   d. $1,260

10. An elementary district has a tax rate above the maximum tax rate for determining its Guaranteed Revenue. What is this district's Guaranteed Revenue per pupil?

    a. $826.50
    b. $1,259.70
    c. $1,260
    d. Not enough information

Local Share

You have just learned how to calculate a district's Guaranteed Revenue per pupil. Remember State Aid is the difference between the district's Guaranteed Revenue and the Local Share. The Local Share is the amount a local school district is required to contribute to the Guaranteed Revenue. It is determined by multiplying the district's tax base per pupil by its tax rate. Thus,

Local Share Per Pupil	=	District Tax Base Per Pupil	x	District Tax Rate

District Tax Base. In Illinois, a district's tax base for school purposes is its equalized assessed property valuation. Equalized property valuation is an attempt to arrive at a variation for each district which is comparable across districts.[1] The valuation per pupil is found by dividing the total equalized property valuation of the district by the number of pupils. For example, a district with a valuation of $1,000,000 and 100 pupils has a per pupil valuation of $1,000,000 divided by 100 or $10,000 per pupil.

For the purposes of determining a district's per pupil property valuation, the Resource Equalizer Aid Program uses a pupil count known as TWADA. This is Title I Weighted Average Daily Attendance. Title I Weighted Average Daily Attendance (TWADA) accounts for differences in the cost of educating pupils in different grade levels as well as for differences in the number and concentration of pupils eligible for federal aid under Title I of the Elementary and Secondary Education Act.

Differences in grade level pupil costs are reflected in a pupil count known as Weighted Average Daily Attendance (WADA). This pupil count is based on Average Daily Attendance (ADA) which is the average number of days pupils attend school (for a full explanation of the calculation of ADA see Appendix A). WADA only provides an additional weight for high school students (grades 9 - 12). These students receive a weight of 1.25 on the assumption that they cost more to educate. Thus, a district with 300 high school ADA has 300 x 1.25 or 375 weighted high school ADA or WADA. Pre-kindergarten handicapped,

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[1]Taxable property is assessed at 33 1/3 percent of its fair market value. Equalized assessed valuation represents an adjustment to the average level of assessments among districts.

kindergarten and elementary ADA have a weight of 1.00. Table 5 shows the weights used for different educational programs and the calculation of Weighted Average Daily Attendance (WADA) for a hypothetical school district.

TABLE 5

CALCULATION OF WEIGHTED AVERAGE DAILY ATTENDANCE (WADA)

Educational Program	Program Weight	Number of ADA	WADA
Pre-Kindergarten Handicapped	1.00	25	25
Kindergarten	1.00	100	100
Elementary (Grades 1-8)	1.00	500	500
High School (Grades 9-12)	1.25	300	375
TOTAL DISTRICT WADA		925	1,000

Note in Table 5:

- The Weighted Average Daily Attendance (WADA) for a program category is found by multiplying the number of Average Daily Attendance (ADA) in the program by the associated weighting.
- The first three educational programs (pre-K handicapped, kindergarten and elementary) use a weight of 1.00. Therefore, WADA for each of these programs is the same as ADA.
- High school ADA are weighted 1.25. There are more high school WADA than ADA due to the 1.25 weighting.
- The total Weighted Average Daily Attendance of the school district is the sum of WADA in each educational program in the district.

Weighted Average Daily Attendance (WADA) accounts for differing costs associated with different grade levels. The pupil count used in the Resource Equalizer Aid Program also accounts for greater costs associated with educating disadvantaged students. Disadvantaged students are defined as the Title I eligibles under the Elementary and

Secondary Education Act of 1974.[1] Title I Weighted Average Daily Attendance (TWADA) adjusts a district's WADA to account for the number and concentration of Title I eligibles in a district. To determine TWADA, the number of Title I eligibles in the district is multiplied by a Title I weighting; this amount is then added to the district's WADA. Thus, suppose a district has 100 Title I eligibles and a Title I weighting of .50. This district then has .50 x 100 or 50 weighted Title I eligibles. If this district has 2,000 WADA, it then has 2,000 + 50 or 2,050 TWADA.

The Title I weighting is determined separately for each district and varies according to the percentage of Title I eligibles in the district relative to the statewide average percentage (17.64 percent for 1976-77). Districts with the state average have a Title I weighting of .375. Districts with a lower percentage of Title I eligibles use a weighting that is smaller than .375; districts with a percentage of Title I eligibles higher than the state percentage use a higher weighting. However, no district can use a Title I weighting greater than .75. Those districts that would otherwise have a higher weighting use .75. The determination of a district's Title I weighting requires several steps. As an example, we will use a district with 1,000 WADA and 100 Title I eligibles:

Step 1: Determine the percentage of Title I eligibles by dividing the Title I eligibles in the district by the district's Weighted Average Daily Attendance (WADA).

100/1,000 = .10

Step 2: Compare the district percentage of Title I eligibles to the statewide average percentage by dividing the percentage of Title I eligibles in the district by the statewide average percent of Title I, .1764.

.10/.1764 = .57 (rounded)

Step 3: Determine the Title I weighting for the school district by multiplying the amount obtained in Step 2 by the weighting used for the state average number of Title I eligibles, .375.

.57 x .375 = .21 (rounded)

---

[1] The definition of Title I eligibles may be found in the Glossary.

Step 4: Determine the weighted Title I eligibles of the district by multiplying the district's Title I eligibles, 100, by its Title I weighting, .21 for our example district.

100 x .21 = 21

Step 5: TWADA is calculated by adding the districts WADA, 1,000, and it's weighted Title I eligibles, 21. Thus,

1,000 + 21 = 1,021

Once the district's TWADA has been determined the property valuation per pupil can be calculated. The property valuation per pupil is the total equalized valuation divided by TWADA. Thus if our example district has a total valuation of $20,420,000 its valuation per TWADA is $20,420,000 divided by 1,021 or $20,000 per pupil.

Exercises on District Tax Base

District Tax Base Per Pupil	=	Total Property Valuation	/	District TWADA

Calculation of District TWADA

Step 1 Title I Eligibles / WADA

Step 2 Step 1 / .1764.

Step 3 Step 2 x .57

Step 4 Step 3 x Title I Eligibles

Step 5 TWADA = WADA + Step 3.

Exercises on District Tax Base (Continued)

11. A unit district has 400 kindergarten ADA, 5,000 grades 1-8 ADA and 2,500 high school ADA. What is the total Weighted Average Daily Attendance (WADA) for this district?

    a. 7,900
    b. 6,025
    c. 9,150
    d. 8,525

12. A district with 500 TWADA has a property valuation of $10,000,000. What is this district's property valuation per TWADA?

    a. $2,000
    b. $200
    c. $20,000
    d. $10,000

A district has 15,000 WADA and 2,400 Title I eligibles. Given this information, answer question 13 through 17 below.

13. What percentage of the districts WADA are Title I eligibles?

    a. .1764
    b. 6.25
    c. 0.16
    d. 0.375

14. What is the Title I weighting for this district?

    a. .90
    b. .34
    c. .75
    d. .375

15. What is the weighted Title I for this district?

    a. 2,176
    b. 3,216
    c. 816
    d. 2,400

16. What is this district's TWADA?

    a. 1,500
    b. 17,400
    c. 15,816
    d. 17,176

17. Assume this district has a property valuation of $350,000,000. What is its property valuation per TWADA?

    a. $35,000
    b. $22,129
    c. $23,333
    d. $2,212.90

Calculation of Local Share. Once you know the district's property valuation per pupil you can determine the Local Share. To obtain the Local Share the district's property valuation per pupil is multiplied by the district tax rate. The same tax rate used to calculate the district's Guaranteed Revenue is used to calculate the Local Share. In addition, the same tax rate limits apply. An elementary district cannot use more than a .0190 tax rate in determining the Local Share, a high school district cannot use more than a .0105 tax rate; and a unit district has a maximum tax rate of .0290.

Districts with high property valuations per pupil have a higher Local Share than districts with low property values. For example, Table 6 shows the Local Share for three school districts with the same tax rate but different property valuations. District A with a valuation of $20,000 per pupil is required to contribute $200, whereas District C with a valuation of $60,000 must contribute $600 per pupil.

TABLE 6

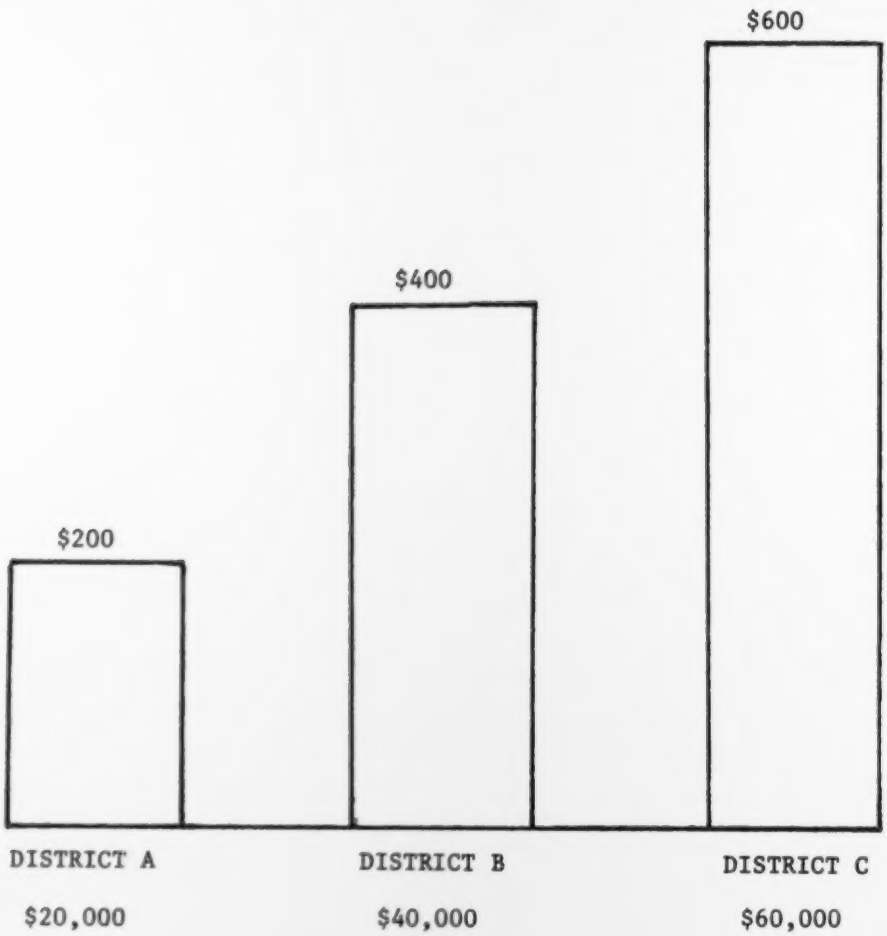
CALCULATION OF LOCAL SHARE: EFFECT OF PROPERTY WEALTH

	Property Valuation Per Pupil	District Tax Rate	Local Share Per Pupil
District A	$ 20,000	.01	$ 200
District B	40,000	.01	400
District C	60,000	.01	600

Figure 2 shows the effect of property wealth on the Local Share for our three districts in Table 6.

FIGURE 2

LOCAL SHARE: EFFECT OF WEALTH



Note in Figure 2:

- The district property valuation is displayed at the bottom of each bar.
- The Local Share is displayed at the top of each bar. It is the amount obtained by multiplying property valuation per pupil by the district tax rate, .01 for all three districts.
- The Local Share is higher for districts with a high property valuation per pupil.

Districts that levy a higher tax rate also have a higher Local Share than districts with low tax rates. Table 7 shows the effect of differing tax rates on the Local Share for three elementary districts. The three districts have the same property valuation per pupil, $40,000, but levy different tax rates. District A with a tax rate of .005 is required to contribute $200, whereas District C which levies a tax rate of .01 has a Local Share of $600 per pupil. Remember if a district has a tax rate greater than the maximum tax rate it will use the maximum tax rate to calculate its Local Share.

TABLE 7

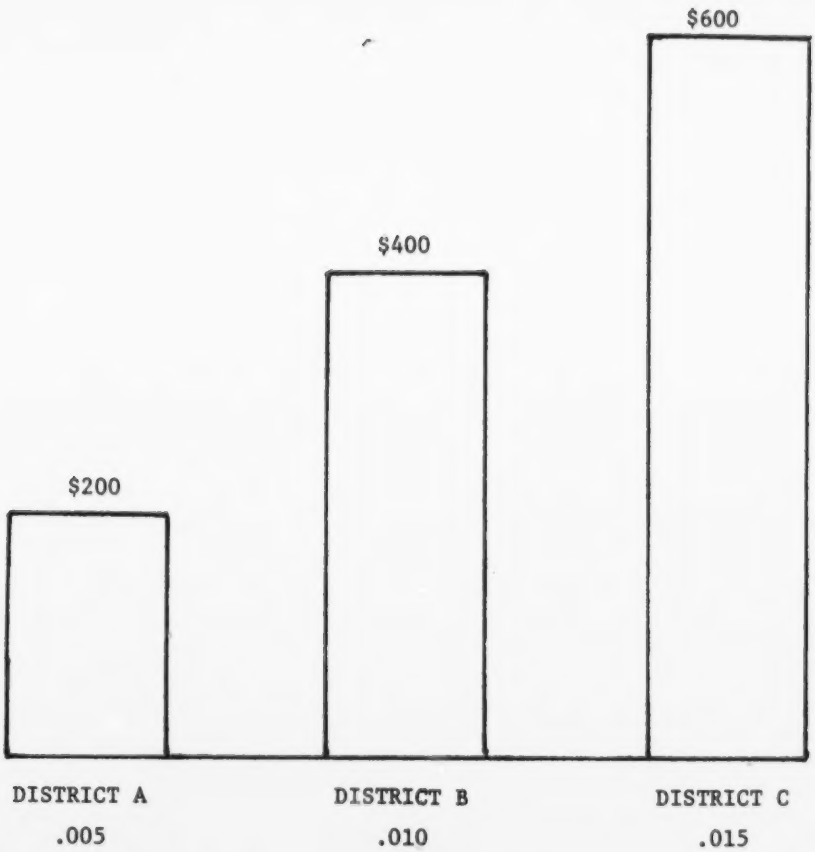
CALCULATION OF LOCAL SHARE: EFFECT OF TAX EFFORT
(THREE ELEMENTARY DISTRICTS)

	Property Valuation Per Pupil	District Tax Rate	Local Share Per Pupil
District A	$40,000	.005	$200
District B	40,000	.010	400
District C	40,000	.015	600

Figure 3 shows the effect of different tax rates on the Local Share for over three districts in Table 7.

FIGURE 3

LOCAL SHARE: EFFECT OF TAX EFFORT



Note in Figure 3:

- The district tax rate is displayed at the bottom of each bar; all three districts have the same property valuation per pupil, $40,000.
- Districts with a higher tax rate have a higher Local Share.

Exercises on Local Share

Local Share Per Pupil	=	Property Valuation Per Pupil	x	District Tax Rate (Not to exceed maximum)

18. An elementary school district levies a tax of 1.60 percent. It has a property valuation of $30,000 per pupil. What is the Local Share per pupil for this district?

    a. $1,060.80
    b. $480
    c. $570
    d. $1,260

19. What is the Local Share per pupil for a high school district with a total property valuation of $20,000,000; 1,000 TWADA and a .02 tax rate?

    a. $210
    b. $400
    c. $1,260
    d. $2,400

20. What is the Local Share per pupil of a unit district with 1,250 TWADA, a total property valuation of $18,750,000 and a .025 tax rate?

    a. $375
    b. $37.50
    c. $3,750
    d. $300

21. A unit district has 2,000 WADA, 100 weighted Title I eligibles, a total property valuation of $42,000,000 and levies a .025 tax rate. What is this district's Local Share?

    a. $580
    b. $1,087
    c. $500
    d. $525

22. A high school district has 1,500 WADA, 500 weighted Title I eligibles, a total property valuation of $46,000,000 and levies a tax of 1.25 percent. What is this district's Local Share?

    a. $1,260
    b. $321.99
    c. $287.50
    d. $241.50

Alternative Calculation of Local Share

Under the Resource Equalizer Aid Program, a district can use an alternative calculation of TWADA to determine its per pupil property valuation and to calculate the Local Share. The alternative is determined by averaging WADA for the three prior years and then adding the weighted Title I eligibles for the current year to the averaged WADA. A district uses whichever calculation results in the larger pupil count: (1) its current year's TWADA or (2) the average of its three prior year's WADA plus the current year's weighted Title I eligibles. The alternative pupil count aids districts that have fewer students during the current year than in previous years.

Table 8 shows the application of these alternative methods to the calculation of TWADA for two hypothetical school districts.

TABLE 8

CALCULATION OF BEST TWADA

	District A		District B
Method 1		Current Year	
1976-77 Weighted Title I	50		50
1976-77 WADA	950		950
TWADA (Current Year Method)	1,000		1,000
Method 2		Alternative	
1975-76 WADA	950		1,250
1974-75 WADA	940		1,150
1973-74 WADA	900		1,200
3 Year Average	930		1,200
1976-77 Weighted Title I	50		50
TWADA (Averaging Method)	980		1,250

Note in Table 8:

- During the current year, 1976-77, each school district has the same number of WADA (950) and the same weighted Title I, 50. Thus, each district has 1,000 TWADA.
- During the three prior school years, District A had on the average 930 WADA; District B 1,200 WADA. Adding the current year's weighted Title I to these averages, District A would have 980 TWADA and District B, 1,250 TWADA.

A district can choose the calculation of TWADA which results in the largest number of pupils. District A would use the current year's TWADA since it has 1,000 pupils under the current year method and 980 pupils under the alternative method. District B would use the alternative method since it obtains the largest number of pupils under this method, 1,250 as opposed to 1,000 TWADA.

A district chooses the method of calculating TWADA that results in the higher number of pupils. A larger number of TWADA will reduce the Local Share. For example, assume District B has a total property valuation of $10,000,000 and a tax rate of .01. Table 9 shows the calculation of its Local Share using the TWADA obtained by each method. This district has a lower property valuation per pupil using the pupil count from the alternative method ($10,000,000 divided by $1,250) or $8,000 per pupil. Using the current year TWADA, this district has $10,000 per pupil. Thus, District B has a lower Local Share using the alternative pupil count, $80 using the alternative calculation in comparison to $100 using the current year TWADA. District B is an example of a district with a declining number of pupils that benefits from the alternative calculation of TWADA.[1]

TABLE 9

ALTERNATIVE CALCULATIONS OF LOCAL SHARE
DISTRICT B

	TWADA	Property Valuation Per TWADA	Tax Rate	Local Share Per TWADA
Current Year	1,000	$10,000	.01	$100
Averaging Method	1,250	8,000	.01	80

[1]Under the Resource Equalizer Aid Program there is also a provision to aid districts with increasing enrollments, called the Growth District Entitlement. Most districts are experiencing declining enrollments and are not eligible for Growth District Entitlement. However, this provision is explained in Appendix C.

Exercises on Alternative Calculation of Local Share

Local Share Per TWADA	=	Property Valuation Per Best TWADA	x	District Tax Rate
TWADA (Averaging Method)	=	(Sum of Three Prior Year WADA divided by 3)	+	Current Year Weighted Title I Eligibles

An elementary district with a total property valuation of $22,500,000 reports the information below. Using this information, answer questions 23 through 25.

1976 - 77 Weighted Title I eligibles	100
1976 - 77 WADA	1,100
1975 - 76 WADA	1,300
1974 - 75 WADA	1,425
1973 - 74 WADA	1,475

23. What is the best TWADA for this district?

    a. 1,200
    b. 1,100
    c. 1,575
    d. *1,500

24. What is this district's property valuation per best TWADA?

    a. $15,000
    b. $18,750
    c. $20,455
    d. $14,286

25. Assume this district levies a .0155 tax rate. What is the Local Share?

    a. $290.62
    b. $317.05
    c. $232.50
    d. $221.43

A high school district currently has 500 weighted Title I eligibles and 1,600 WADA. During the three prior years it had an average of 1,500 WADA. The district's property valuation is $84,000,000 and it levies a .01025 tax rate. Using this information, answer questions 26 through 29.

26. What is the best TWADA for this district?

    a. 1,600
    b. 1,300
    c. 1,800
    d. 2,100

27. What is its property valuation per TWADA?

    a. $40,000
    b. $42,000
    c. $56,000
    d. $52,500

28. What is the Local Share per TWADA?

    a. $441
    b. $410
    c. $420
    d. $430.50

29. What is its Local Share using the smaller TWADA count?

    a. $441
    b. $410
    c. $420
    d. $430.50

State Aid

Now that you have seen how to determine the Local Share, you can determine State Aid. Remember,

State Aid Per Pupil = Guaranteed Revenue Per Pupil − Local Share Per Pupil

You have seen that a district's Guaranteed Revenue per pupil is its Guaranteed Tax Base multiplied by the district tax rate. The Local Share is the district's property valuation per pupil multiplied by the district's tax rate. Thus, State Aid for an elementary district that levies a .015 tax rate and has a property valuation of $40,000 per pupil is:

State Aid Per Pupil = ($66,300 x .015) - ($40,000 x .015)
= $994.50 - $600
= $394.50

One purpose of State Aid is to lessen the disparity in the ability of districts to raise revenue for education. The Resource Equalizer Aid Program emphasizes both the district's wealth and tax effort. You have already seen the Local Share increases as the property valuation per pupil increases. Table 10 shows the State Aid per pupil for the same three elementary districts shown in Table 6. Each district has a tax rate of .01 and therefore each district is guaranteed $663 per TWADA (.01 x $66,300). District A with a valuation of $20,000 per TWADA receives $463 in State Aid whereas District C with a valuation of $60,000 receives only $63 per TWADA.

TABLE 10

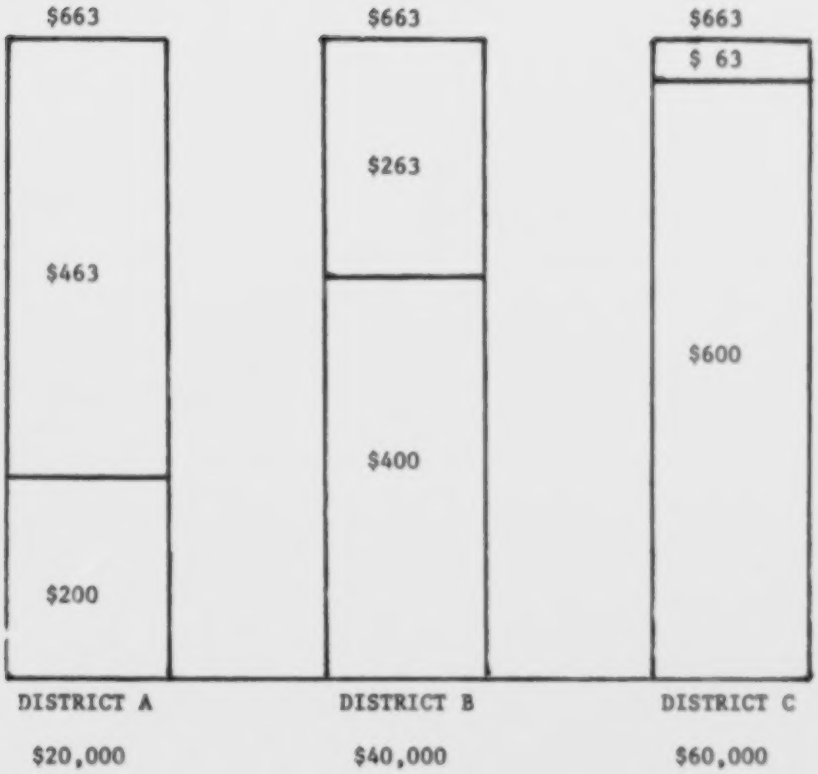
CALCULATION OF STATE AID: LESSENING DISPARITIES IN PROPERTY WEALTH
(THREE ELEMENTARY DISTRICTS)

	Property Valuation Per Pupil	Guaranteed Revenue Per Pupil	Local Share Per Pupil	State Aid Per Pupil
District A	$20,000	$663	$200	$463
District B	40,000	663	400	263
District C	60,000	663	600	63

Figure 4 shows the Local Share and State Aid as components of the Guaranteed Revenue for the three districts in Table 10.

Figure 4

LOCAL SHARE AND STATE AID AS COMPONENTS OF GUARANTEED REVENUE:
LESSENING DISPARITIES IN PROPERTY WEALTH
(Three Elementary Districts)



Note in Figure 4:

- The property value per TWADA is listed at the bottom of each bar.
- The Guaranteed Revenue is displayed at the top of each bar.
- The Local Share is the marked area within each bar.
- State Aid per TWADA is represented by the white area within each bar. State Aid makes up the difference between the Guaranteed Revenue and Local Share. State Aid is a larger part of the Guaranteed Revenue of districts with lower property wealth.

In addition to a district's property valuation, a district's tax effort is an important factor in the calculation of State Aid. You have already seen the Guaranteed Revenue and Local Share increase as tax rates increase. Table 11 shows State Aid per pupil for our three elementary districts with different tax rates. District A, levying a tax of .005 receives $131.50 of State Aid per pupil, whereas District C, levying a tax of .015 receives $394.50 of State Aid per pupil.

TABLE 11

CALCULATION OF STATE AID: BENEFITS OF GREATER TAX EFFORT

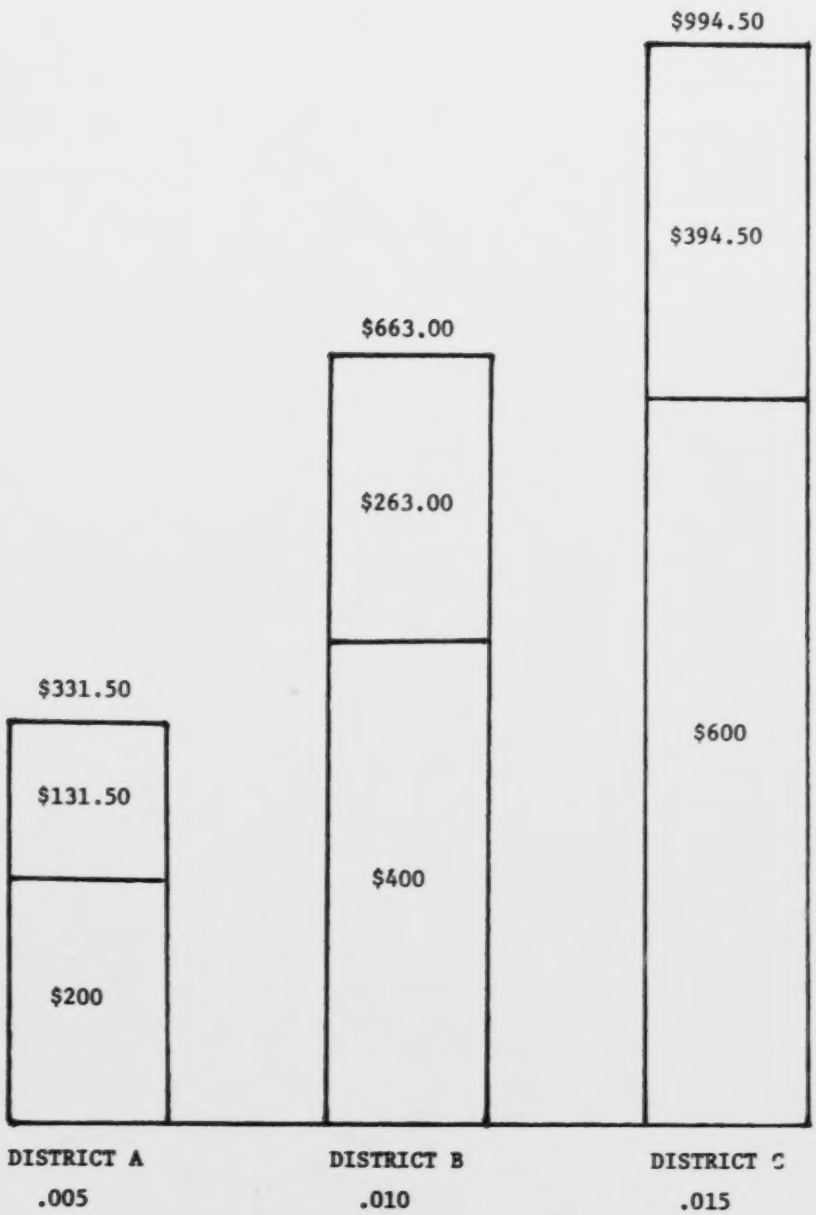
	Property Valuation Per Pupil	Tax Rate	Guaranteed Revenue Per Pupil	Local Share Per Pupil	State Aid Per Pupil
District A	$40,000	.05	$331.50	$200	$131.50
District B	40,000	.01	663.00	400	263.00
District C	40,000	.015	994.50	600	394.50

Figure 5 displays the Local Share and State Aid as components of the Guaranteed Revenue for the three elementary districts in Table 11. Note in Figure 5:

- The tax rate levied is at the bottom of each bar.
- The Guaranteed Revenue is displayed at the top of each bar.
- The Local Share is the marked area within each bar.
- State Aid is represented by the white area within each bar. State Aid makes up the difference between the Guaranteed Revenue and Local Share. State Aid is a larger part of the Guaranteed Revenue of districts making a greater tax effort.

FIGURE 5

LOCAL SHARE AND STATE AID AS COMPONENTS OF GUARANTEED REVENUE:
BENEFITS OF GREATER TAX EFFORT
(Three Elementary Districts)



Exercises on State Aid

State Aid Per Pupil = Guaranteed Revenue Per Pupil − Local Share Per Pupil

Guaranteed Revenue Per Pupil = Guaranteed Tax Base × District Tax Rate (Not to exceed Maximum)

Local Share Per Pupil = District Tax Base Per Pupil × District Tax Rate (Not to exceed Maximum)

30. An elementary district with Guaranteed Revenue of $1,150 per pupil and a Local Share of $250 receives what amount of State Aid per pupil?

    a. $1,150
    b. $110
    c. $1,010
    d. $900

31. A high school district has a property valuation of $75,000 per pupil It levies a .0102 tax rate and its per pupil Guaranteed Revenue is $1,224. What amount of State Aid per pupil does this district receive?

    a. $436.50
    b. $787.50
    c. $459
    d. $765

32. A unit district has a property valuation per pupil of $35,000 and levies a tax rate of .0295. What amount of State Aid per pupil does this district receive.

    a. $250.75
    b. $245
    c. $1,015
    d. $1,260

33. An elementary district has 2,500 TWADA, a total property valuation of $55,500,000 and levies a .014 tax rate. What amount of State Aid per pupil does this district receive?

    a. $310.80
    b. $617.40
    c. $838.20
    d. $928.20

34. A unit district has 2,400 TWADA, a total property valuation of $48,000,000 and levies a .025 tax rate. What is State Aid per pupil for this district?

    a. $537.50
    b. $1,087.50
    c. $500
    d. $680

35. A high school district currently has 500 weighted Title I eligibles and 4,000 WADA. During the three prior years it reported the following WADA: 4,300, 3,800 and 3,800 WADA. Its total property valuation is $90,000,000 and it levies a .0095 tax rate. What amount of State Aid per pupil does this district receive?

a. $190
b. $1,050
c. $950
d. $1,140

Total State Aid

Now that you know how to calculate State Aid per pupil, it is possible to obtain a district's Total State Aid allocation under the Resource Equalizer Aid Program. This is the district's State Aid per pupil multiplied by the district's TWADA. Thus,

Total State Aid	=	State Aid Per Pupil	x	TWADA

For example, for our district with 1,000 TWADA and $263 in State Aid per pupil, Total State Aid would be $263 x 1,000 or $263,000.

Proration of Aid. If there are insufficient funds to meet State Aid claims, the Total State Aid to each district is reduced. A percent of proration is determined by dividing the state funds available by the total aid allocation for the state. For 1975-76 the percent of proration was 95.271268, a district would receive 95.271268 percent of its total State Aid claim. The prorated State Aid is found by multiplying the district's total State Aid by the percent of proration. The percentage is converted to a decimal value of .9527128. Our example district was entitled to total State Aid of $263,000. However, due to proration it receives $263,000 x .95271268 or $250,563.43.

Ceiling on Aid. A district's Total State Aid under the Resource Equalizer Aid Program is subject to a ceiling; State Aid for the current year cannot represent more than a 25 percent increase over its Total Prorated State Aid for the previous year.[1] Maximum State Aid is thus determined by multiplying the district's Total Prorated State Aid for the previous year by 125 percent of 1.25. Thus,

Maximum State Aid	=	Total Prorated State Aid for Prior Year	x	1.25

Assume our example district has Total Prorated State Aid for 1974-75 of $250,000. Its Maximum State Aid for 1975-76 would be $250,000 x 1.25 or $312,500. This is higher than its Total State Aid claim for 1975-76 of $263,000, and it is therefore not affected by the ceiling on aid.

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[1] Maximum State Aid for districts eligible for the Growth District Entitlement, explained in Appendix C, is the maximum calculated above plus the District Growth Entitlement.

However, assume this district's Total Prorated State Aid in 1974-75 was $200,000, its Maximum State Aid for 1975-76 would then be $200,000 x 1.25 or $225,000. Its Total State Aid claim in 1975-76 of $263,000 is greater than its Maximum State Aid. In this situation, the actual amount of State Aid this district would receive is its Maximum State Aid of $225,000 multiplied by the percent of proration.

Exercises on Total State Aid

36. An elementary district with 2,500 TWADA receives $356 per pupil in State Aid. In the previous year its total prorated State Aid was $840,000. What is this district's Maximum State Aid?

    a. $1,050,000
    b. $1,112,500
    c. $890,000
    d. $840,000

37. A unit district has a guaranteed revenue of $957 per pupil, a local share of $550 and 1,500 TWADA. Its total prorated State Aid for the previous year was $485,000. What is its Total State Aid for this year?

    a. $606,250
    b. $485,000
    c. $550,000
    d. $610,500

38. An elementary district has 1,000 TWADA, a property valuation of $50,000 per pupil and levies a .012 tax rate. In the prior year this district's Total Prorated State Aid was $190,000. What is its Total State Aid for this year?

    a. $195,600
    b. $190,000
    c. $237,500
    d. $660,000

Total General Purpose Revenues

Thus far we have seen how to calculate the Guaranteed Revenue and State Aid for a school district. How does this relate to the total general purpose revenue? We have seen that there is a limit on the level of the Guaranteed Revenue which results from the tax rate limits imposed by the state. Thus, revenues for the purposes of calculating aid under the Resource Equalizer Program are limited to $1,260 per pupil for each type of school district. However, districts can raise more than $1,260 per pupil if they desire, i.e., they can have tax rates above the maximums set for purposes of determining State Aid. If a district does tax itself at a rate above the maximum tax rate, the tax is only applied to the district tax base.

For example, the maximum tax rate for a unit district is .0290. If a unit district has a valuation of $30,000 per TWADA and taxes itself at .0390 percent, how do you determine the General Purpose Revenue of this district?

First you need to determine Guaranteed Revenue. The maximum tax rate of .0290 yields a Guaranteed Revenue of $1,260 per pupil. This tax rate is then applied to the district tax base to obtain the Local Share. The Local Share is $30,000 x .0290 or $870 per pupil. The state provides the difference of $390. However, this district chose a tax rate of .0390 or .01 above the maximum tax rate. It would raise $30,000 x .01 or $300 per pupil from the additional tax. Its total General Purpose Revenue is the Guaranteed Revenue of $1,260 per TWADA plus the amount raised from the additional tax rate, $300. The Total Revenue this district obtains is then $15,560 per TWADA. There are limits on the tax rates that a district can levy above the maximum tax rates used in the Resource Equalizer Program. Thus, there is a limit to the amount of revenue above the maximum guarantee a district can obtain.[1]

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[1]There are state legislated limits on the tax rates school districts can levy with and without a referendum. For a description of those limits consult: Illinois, State Board of Education, State, Local and Federal Financing for Illinois Public Schools, 1976-77. Circular Series, No. 362 Springfield, Ill., 1976 or The School Code of Illinois, 1977. St. Paul, Minn.: West Publishing Co., 1976.

Categorical Program Aid

In the first part of this chapter we have provided a step by step description of the Illinois Resource Equalizer Aid Program, the primary mechanism for the distribution of State Aid to school districts. The second form of State Aid to school districts is categorical program aid.

Categorical aid refers to the provision of state funds to school districts for the delivery of special programs and services (i.e., transportation, programs for handicapped students, adult education, and vocational instruction). It is important to note that Illinois differs from many states in that it incorporates disadvantaged students in its general State Aid distribution mechanism. This would fall under categorical program aid in many other states. It does this through the procedure of weighting Title I eligibles and thereby providing proportionately greater amounts of State Aid to districts with higher concentrations of disadvantaged students.

Illinois, however, addresses other educational needs through a number of categorical aid programs. Table 12 provides a list of Illinois categorical programs. Three types of categoricals are listed in the Table: (1) pupil targeted programs; (2) pupil support programs; and (3) capital development. Included in the Table is the actual or estimated appropriation for the particular program during FY 1977; the basis for distributing program funds to school districts; and the extent of participation in the program.

There are thirteen pupil targeted categorical programs. The largest appropriation is to Special Education which includes support of the cost of personnel who perform services for special education programs. There are three pupil support programs, two of which support transportation costs. The capital development program assists districts in undertaking school construction projects.

There are two bases for the distribution of state categorical aid to school districts: (1) aid for some programs is provided on a project or program approval basis, meaning a district applies for aid

to finance in whole or in part a proposed program or service that falls within an established categorical program; (2) other categorical aid programs use a formula as the basis of distribution. Districts often have to meet certain requirements in order to qualify for any specific categorical program aid, and, in some instances, are expected to contribute some share of the cost of a categorical program or service.

TABLE 11

ILLINOIS CATEGORICAL AID PROGRAMS

Type of Program/Service	FY 1977 Appropriations[1] (Actual or Estimate in Million $)	Method of Distribution	1975-76[2] Participation
Pupil Targeted Programs			
Special Education	$ 142.2	Formula	1,028 Districts
Special Education Transportation	25.6	Formula	44,322 Students
Special Education Facilities	20.0	Program Approval	N. A.
Vocational Education	18.2	Program Approval	900 School Districts
Bilingual Programs	13.0	Program Approval	24,450 Students
Driver Education	10.3	Formula	750 School Districts
Tuition for Pupils Attending Low-Incidence Classes in Public Schools	9.2	Program Approval	2,400 Students
Special Education Pupils from Orphanages, Children's Homes, State-Owned Housing Units and Other State Agencies	6.0	Program Approval	2,000 Students
Tuition for Handicapped Pupils Attending Non-Public or Special Education Schools	5.6	Formula	580 Districts 6,400 Students
Adult Education	4.6	Program Approval	150,000 Participants
Gifted Pupil Programs	2.6	Program Approval	420 Programs

[1]Illinois Office of Education, State, Local and Federal Financing for Illinois Public Schools, 1976-77. Springfield, Illinois.

[2]Tron, Esther O. (ed.). Public School Finance Programs, 1975-76. Bureau of School Systems. U. S. Office of Education, Washington, D. C.: Government Printing Office, 1976.

Continued.....

TABLE 11

ILLINOIS CATEGORICAL AID PROGRAMS
(Continued)

Type of Program/Approval	FY 1977 Appropriations (Actual or Estimate In Million $)	Method of Distribution	1975-76 Participation
Special Education Materials	$ 0.2	Program Approval	N.A.
Special Education Scholarships	.02	Program Approval	175 Grants
Pupil Support Services			
Regular Pupil Transportation Fund	37.3	Formula	989 Districts; 750,000 Students
Transportation Grants to Mass Transit Companies and/or Districts	10.5	Program Approval	10 Cities
Free Lunches and Breakfasts for Needy Children	14.0	Formula	1,028 Public Schools
Capital Support Programs			
Capital Development Board	250.4	Formula	453 Districts

CHAPTER II

STUDYING THE ILLINOIS EDUCATION FINANCE PLAN

Since the early decades of this century, one important purpose of most school finance plans has been to achieve greater equity in raising and distributing educational services. Equity is a broad and vague term, but in school finance its meaning has frequently been reduced to measurable differences, or disparities in expenditures and/or services among districts in a state. A glance at the districts within Illinois will reveal a variety of such differences, e.g., disparities in the amount of money spent for each pupil; in the tax rate used to raise money for education; in the type of school programs available to students and in the achievement of students. A state education finance plan may be designed to reduce one or some combination of these, or other, types of disparities. That is, the plan may attempt to "equalize" per pupil expenditures, "equalize" the revenue raised by the districts, "equalize" the program offerings, or "equalize" the achivement levels.

The manner in which equalization is defined and measured, and the criteria used to determine if "equalization" is achieved are important considerations in evaluating the impact of a state school finance plan. A plan may go a long way in alleviating the problems of one type of disparity without affecting other types of disparities, or, in fact, worsening other disparities. For example, a plan may "equalize" per pupil expenditures among school districts, but in the process increase the disparities among districts in the tax rate they must apply. Similarly, what is "equalizing" under one definition, measurement, or method of analysis may not be "equalizing" under another set of criteria. In other words, there are trade-offs to be made, and in evaluating the impact of a state finance plan, it is important to investigate its implications under varying concepts or measures of equality.

The first decision that must be made in the formulation of an education finance plan is what is to be "equalized"? A plan may address

disparities in raising of resources, it can address the "equalization" of the distribution of resources for education. Most often, it addresses both. Illinois' education finance program addresses both types of disparities, and is intended to "equalize" the raising and distributing of resources for education. While other states have addressed these issues, Illinois' plan is unusual in the manner in which it addresses disparities in need among school districts. This will be the first topic we consider here. We will then consider disparities in the raising of resources for education.

Equity in the Distribution of Resources

The first step in equalizing the distribution of resources is to decide upon a definition of equity: either the "same treatment for everyone" or "different treatment for different needs". For the distribution of resources for education, Illinois employs the latter definition - "different treatment for different needs". This value judgement about what is equitable in distributing resources for education is translated into policy by weighting Title I students: the weighting system used reflects the value that disadvantaged students have special educational needs. Since the Title I weighting is a basic factor in the distribution of state aid to school districts, it is important to investigate the effect of weighting for concentrations of poverty children.

Table 1 shows the percentage increase in the student count due to weighting Title I students for a sample of Illinois unit districts. The sample includes rich and poor central city, independent, suburban and rural districts. The districts are arranged from those having the largest percentage increase in the pupil count due to weighting Title I eligibles to those with the smallest percentage increase. The percentage

TABLE 1

PERCENTAGE INCREASE DUE TO WEIGHTING TITLE I ELIGIBLES
FOR A SAMPLE OF UNIT DISTRICTS
1975-76

District	ADA[1]	TWADA[2]	Percent Increase
Brooklyn 188	401	688	72%
Meridan 101	1,394	2,352	69
East St. Louis 189	19,646	30,735	56
Stockland 253	107	160	50
Century 100	631	929	47
Egyptian 5	859	1,178	37
Cobden 17	657	837	27
Vencie 3	510	636	25
Murphysboro 186	2,797	3,459	24
Deland-Weldon 57	401	476	19
Brookport 38	351	416	19
Dangola 66	355	420	18
Witt 66	287	340	18
Sandonal 501	630	740	17
Newman 303	337	395	17
West Frankfort 168	2,300	2,673	16
Zeigler-Royalton 188	806	936	16
Flanagan 4	330	383	16
Carterville	1,413	1,632	15
Erie 1	1,102	1,270	15
Octavia 8	515	591	15
Marissa 40	947	1,078	14
Edgar 2	421	480	14
Red Bud 132	907	1,034	14

Continued . . .

TABLE 1
(Continued)

District	ADA	TWADA	Percent Increase
Bloomington 87	5,862	6,604	13
Mascoutah 19	3,528	3,985	13
Melvin Sibley 4	311	352	13
Johnston 1	1,376	1,538	12
Georgetown 3	1,290	1,450	12
Wellington 7	210	235	12
ABL 6	343	384	12
Warden 16	247	273	11
Putnam 535	1,175	1,301	11
Gibson 1	1,066	1,186	11
Pedria Heights 325	1,151	1,268	10
Tuscola 301	1,248	1,375	10
Livingston 4	383	420	10
Roxanna 1	3,009	3,304	10
Coal City 1	1,348	1,475	9
Westville 2	1,556	1,700	9
Monticello 25	1,723	1,883	9
Pawnee 11	742	805	8
Eastern 121	286	310	8
Round Lake 116	4,486	4,804	7
Indian Prarie 204	1,264	1,356	7
Riverton 14	1,115	1,198	7

Source: Illinois, State Board of Education, Annual State Aid Claim Statistics for Illinois Public Schools, 1976-77. Circular Series A-359. Springfield; Illinois: Budget and Finance Department, 1976.

increase in the pupil count due to the inclusion of weighted Title I students reflects Illinois' definition of the special needs of the disadvantaged students. The pupil count for some districts is substantially increased by weighting disadvantaged students, while the pupil count for other districts is largely unaffected by this definition of need. The highest percentage increase in the pupil count for our sample districts is in Brooklyn District 188, 72 percent, whereas three districts share the lowest increase, only 7 percent.

Equity in the Raising of Resources

You have seen that Illinois adopts the "different treatment for different needs" definition of equity for the distribution of resources for education. In the raising of resources, too, a plan must adopt a definition of equity. In Illinois, equity in the raising of resources is defined as "equal treatment for everyone". For the raising of resources for education, this definition of equity is translated into practice in the Resource Equalizer Aid Program by the use of state guaranteed tax bases and by guaranteeing the same amount of revenue per pupil to districts levying the same tax rate on district "wealth".

Describing Disparities in Property Wealth

District "wealth" is a basic part of any state education finance plan since it is used to determine a district's ability to support education. Although in theory "wealth" can be defined in many ways, most states, like Illinois, define "wealth" in terms of the amount of property value backing each student in a district. Property wealth is measured as equalized assessed property valuation. For purposes of determining a district's wealth, students are counted in terms of Title I Weighted Average Daily Attendance (TWADA).

To investigate disparities in wealth in Illinois, we show the per pupil property values for our sample of unit districts. In Table 2

the districts are arranged from the district with the highest property value to the district with the lowest property valuation. Both the districts' property value per ADA and property value per TWADA are displayed. It is useful to look at property values per ADA because it makes the pupil count comparable across districts. It also shows the effect of weighting students on the definition of ability to pay. The property value per TWADA is less than that per ADA. This is because a district has more TWADA than ADA.

Examining the information in Table 2, it is possible to see there are differences in the property values per TWADA among our sample unit districts. However, from simple observation it is difficult to summarize in any systematic way what those disparities are and the magnitude of the disparities. For this reason, it is useful to employ some method for summarizing disparities:

One way of summarizing is to obtain a simple <u>average</u>. The mean or average property value per TWADA for our sample of districts is $32,296. This is the sum of each district's property value per TWADA, $1,485,616 divided by the 46 school districts in the sample. The mean property valuation per ADA is slightly larger, $37,209.67.

A simple average accounts for the number of districts in a sample. However, it does not account for the differences among districts in the number of pupils. A <u>weighted average</u> accounts for these differences. It is obtained by dividing the total property value of the sample districts by the total number of pupils in those districts. The total property value for our sample is $1,843,418,219. There are a total of 91,044 TWADA in our sample districts. Thus, the weighted average property value is $20,247.56 per TWADA. The impact of Illinois' definition of need -- TWADA -- can be seen when one carries out the same calculation without weighting students. The ADA student count is only 71,827 and the weighted average property valuation is increased to $25,664.70.

The <u>median</u> is the middle value when you arrange the values according to size. In Table 2, the school districts have been arranged from the highest property value to the lowest property value per TWADA. The median is the property value per pupil that is half way from the district

TABLE 2

PROPERTY VALUE PER PUPIL FOR A SAMPLE OF UNIT DISTRICTS

District	ADA	Property Value Per ADA[1]	TWADA	Property Value Per TWADA[2]
Monticello 25	1,723	114,662	1,883	$ 104,913
Red Bud 132	907	96,791	1,034	84,924
Edgar County	421	78,628	480	68,956
Putnam County 535	1,175	72,647	1,301	65,611
Coal City 1	1,348	71,327	1,475	65,201
Pawnee Community 11	742	71,146	805	64,371
Wellington 7	210	71,689	235	63,983
Newman 303	337	71,790	395	61,206
Melvin Sibley 4	311	69,199	352	61,062
Stockland Community 2530	107	89,509	160	59,754
Erie 1	1,102	68,503	1,270	59,418
Octavia 8	515	64,349	591	56,095
Deland-Weldon 57	401	64,756	476	54,266
Indian Prarie 204	1,264	57,989	1,356	54,070
Easton Community	286	57,711	310	53,280
ABL 6	343	58,746	384	52,484
Venice Community 3	510	62,580	636	50,207
Flanagan 4	330	57,963	383	49,974
Tuscola 301	1,248	48,077	1,375	43,622
Gibson City 1	1,066	39,880	1,186	35,855
Bloomington 87	5,862	38,743	6,604	34,388
Pedria Heights 325	1,151	37,341	1,268	33,893
Roxanna 1	3,009	35,913	3,304	32,708
Georgetown 3	1,290	11,461	1,450	10,198
Carterville 5	1,413	11,729	1,632	10,157
Marissa 40	947	11,163	1,078	9,808
Witt 66	287	11,516	340	9,717
Sandoval 501	630	11,163	740	9,499

Continued...

TABLE 2
(Continued)

District	ADA	Property Value Per ADA [1]	TWADA	Property Value Per TWADA [2]
Johnston City 1	1,376	10,592	1,538	$ 9,473
Riverton 14	1,115	10,174	1,198	9,468
Westville 2	1,556	10,145	1,700	9,285
Dongola 66	355	10,797	420	9,131
Murphysboro 186	2,797	10,712	3,459	8,661
Worden 16	247	9,517	273	8,602
Round Lake 116	4,486	8,566	4,804	7,999
West Frankfort 168	2,300	8,621	2,673	7,416
Century Community 100	631	10,903	929	7,403
Livingston 4	383	7,961	420	7,264
Cobden 17	657	8,571	837	6,726
Zeigler-Royalton 188	806	7,356	936	6,336
East St. Louis 189	19,646	9,734	30,735	6,221
Mascoutah 19	3,528	7,027	3,985	6,221
Brooklyn 188	405	8,775	688	5,164
Egyptian 5	859	6,333	1,178	4,617
Meridan 101	1,394	5,928	2,352	3,512
Brookport 38	351	2,962	416	2,497

Source: Illinois, State Board of Education, Annual State Aid Claim Statistics Illinois Public Schools, 1976-77. Circular Series A-359. Springfield, Illinois: Budget and Finance Department, 1976.

[1]1974 Equalized Assessed Valuations per 1975-76 Best Six Months Average Daily Attendance (ADA).

[2]1974 Equalized Assessed Valuations per 1975-76 Best Title I Weighted Average Daily Attendance (TWADA) count used in the Resource Equalizer Aid Program.

with the lowest value and halfway from the district with the highest property value per pupil. There are 46 districts in the sample; the value that divides the 46 school districts into two equal parts of 23 districts each is the property value between the 23rd and 24th districts. Thus, the median property value is halfway between Roxanna District 1 and Georgetown District 3, or between $32,708 per TWADA and $10,198 per TWADA. The median value is $21,453 per TWADA.

Each type of average -- the simple, weighted average, the median -- can be used to describe disparities by comparing them with the actual values for individual school districts. For example, you may indicate how much a particular school district varies from the average. You may use this procedure to group districts, such as the number of districts that are within $500 of one of the measures and so on. However, averages do not indicate how widely dispersed the districts are. Another summary measure, the range, does provide this information. The range is the difference between the highest and lowest values. Among the sample districts, Monticello District 25 has the highest property value per TWADA, $104,913 and Brookport District 38 the lowest, $2,497. The range is then $104,913 - $2,497 or $102,416. Often the range is represented as a ratio, found by dividing the highest value by the lowest value. For the sample districts, it is $104,913 divided by $2,497, or 42:1. Used with the average, weighted average, or median, the range indicates how accurately the summary measure represents actual property values. For example, if we had obtained a range of only $100 for the sample districts, this would indicate that the average is fairly representative of the actual property values in the sample. Specifically, it would indicate that no district's property value differs substantially from the average property value because the wealthiest and poorest district are separated by only $100. Since the range is much larger for the districts in our sample, the average is not a good representation of the actual property value of a particular district.

Statewide Disparities in Wealth

Thus far, we have shown several indicators of disparities for a sample of unit districts. However, the picture we have obtained for our selected sample may not be representative of statewide disparities in property wealth. Table 3 shows the median and range in property values per ADA for all elementary, high school and unit districts in the state. The least differences in the property wealth backing students is among high school districts, a ratio of only 11.9 to 1. The largest range in property wealth is among elementary districts, 67.5 to 1. Our sample of unit districts is representative of the statewide picture; the range in property wealth for these districts is quite wide, with a ratio of 35.5:1, and a median property value of $26,279 per ADA.

TABLE 3

WEALTH OF ILLINOIS SCHOOL DISTRICTS*
SUMMARY MEASURES

Type of District (Number of Districts)	Highest Per Pupil Property Valuation	Lowest Per Pupil Property Valuation	Ratio	Median
Elementary (454)	$565,650	$ 8,386	67.5:1	$36,839
High School (130)	275,318	23,099	11.9:1	73,411
Unit (446)	114,294	3,222	35.5:1	26,279

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) compiled by Department of Budget and Finance.

* The per pupil property valuations are 1975 equalized assessed valuations per best six month Average Daily Attendance (ADA).

Although the summary measures that you have just learned about are useful tools for describing disparities, they still do not provide a complete picture of disparities in wealth. For example, even though you know the range in property values per TWADA is 67.5:1, you still don't know whether a few elementary districts are unusual or whether the disparity is widespread. That is, you do not know if the large range is attributable to a few districts that have a high or low property value, or if the range reflects widespread disparities among a large number of the districts. One step that you can take to determine if the disparity is widespread is to eliminate a certain percentage of the wealthiest and poorest districts, and recalculate the range. For example, if we eliminate the ten percent of districts with the highest value per pupil and the ten percent with the lowest value per pupil, we find that the range for the remaining 80 percent of school districts is substantially smaller than the statewide range. The new ranges in valuations are presented in Table 4.

TABLE 4

WEALTH OF ILLINOIS SCHOOL DISTRICTS: 90TH AND 10TH PERCENTILES*

Type of District	Highest Property Valuation Per Pupil (90th Percentile)	Lowest Property Valuation Per Pupil (10th Percentile)	Ratio
Elementary	$ 89,443	$ 17,673	5.1:1
High School	116,947	47,426	2.5:1
Unit	46,194	14,314	3.2:1

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) Compiled by Department of Budget and Finance.

* The per pupil property valuations are 1975 equalized assessed valuations per best six months Average Daily Attendance (ADA).

As Table 4 shows, eliminating the wealthiest 10 percent and the poorest 10 percent of the districts substantially changes the range in property wealth. For example, the range for elementary districts in Table 3 was $565,650 per ADA to $8,386 per ADA or 67.5:1; however, new range for 80 percent of the elementary districts is $89,443 per ADA to $17,673 per ADA or 5.1:1. This indicates that the property wealth of the top and bottom 10 percent of the districts is significantly different from that of the majority of elementary districts.

Another way to assess the representativeness of summary statistics is to look at the distribution of districts within the range of property wealth. For example, in Table 5, we have divided elementary districts into ranges of property valuation per ADA and have shown the number of districts and the percentage of districts within each range. Table 5 shows that 193 elementary districts have a property valuation

TABLE 5

DISTRIBUTION OF ELEMENTARY DISTRICT
PROPERTY WEALTH PER PUPIL

Range of Property Valuation Per ADA	Number Of Districts	Percent Of Districts	Cumulative Percentage
Less than $20,000	68	14.98	14.98
$ 20,000 - 39,999	193	42.51	57.49
40,000 - 59,999	89	19.60	77.09
60,000 - 79,999	49	10.79	87.88
80,000 - 99,999	19	4.19	92.07
100,000 and above	36	7.93	100.00
	454	100.00	

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) compiled by the Department of Budget and Finance.

per ADA between $20,000 and $39,999. This represents 42.51 percent of all elementary districts. Table 5 also shows the cumulative percentage of elementary districts falling below certain levels of property valuation per pupil. For example, 77.09 percent of the districts have a valuation of less than $60,000.

Table 6 shows the distribution of property wealth for high school districts and Table 7 provides similar information for unit districts.

Figures 1, 2 and 3 graphically display the percentage of districts within the different ranges of property valuation for the elementary districts in Table 5, high school districts in Table 6 and unit districts in Table 7, respectively.

TABLE 6

DISTRIBUTION OF HIGH SCHOOL DISTRICT
PROPERTY WEALTH PER PUPIL

Range of Property Valuation Per ADA	Number of Districts	Percent of Districts	Cumulative Percentage
Less than $20,000	0	0.00	0.00
$ 20,000 - 39,999	7	5.38	5.38
40,000 - 59,999	32	24.62	30.00
60,000 - 79,999	38	29.23	59.23
80,000 - 99,999	29	22.31	81.54
100,000 and above	24	18.46	100.00
	130	100.00	

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) compiled by the Department of Budget and Finance.

TABLE 7

DISTRIBUTION OF UNIT DISTRICT PROPERTY WEALTH PER PUPIL

Range of Property Valuation Per ADA	Number of Districts	Percent of Districts	Cumulative Percentage
Less than $15,000	52	11.66	11.66
$ 15,000 - 19,999	56	12.56	24.22
20,000 - 24,999	98	21.97	46.19
25,000 - 29,999	77	17.26	63.45
30,000 - 34,999	59	13.23	76.68
35,000 - 39,999	33	7.40	84.08
40,000 - 44,999	22	4.93	98.01
45,000 - 49,999	18	4.04	93.05
50,000 and above	31	6.95	100.00
	446	100.00	

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) compiled by the Department of Budget and Finance.

In each figure, each bar represents the percentage of districts within each range of property valuations. The actual percentage is displayed at the top of each bar. In examining these figures, note the distribution of districts within the total range of property wealth. For example, Figure 1 shows that while the overall range for elementary districts remains quite large, districts are concentrated in the first three ranges of property values -- less than $20,000, $20,000 - $39,999 and $40,000 - $49,999.

Figure 1

DISTRIBUTION OF ELEMENTARY DISTRICT PROPERTY
WEALTH PER PUPIL

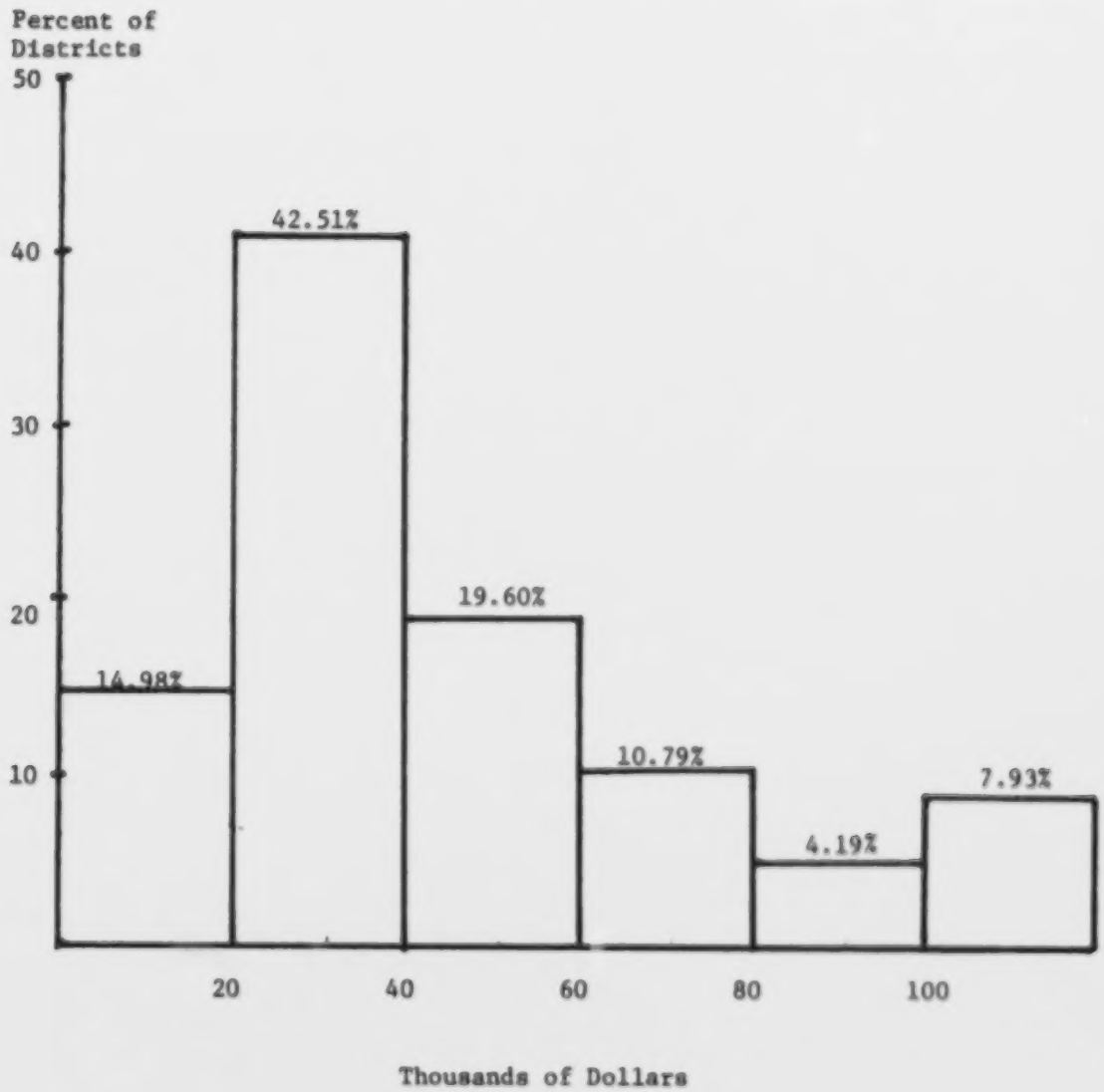


Figure 2

DISTRIBUTION OF HIGH SCHOOL DISTRICT PROPERTY WEALTH PER PUPIL

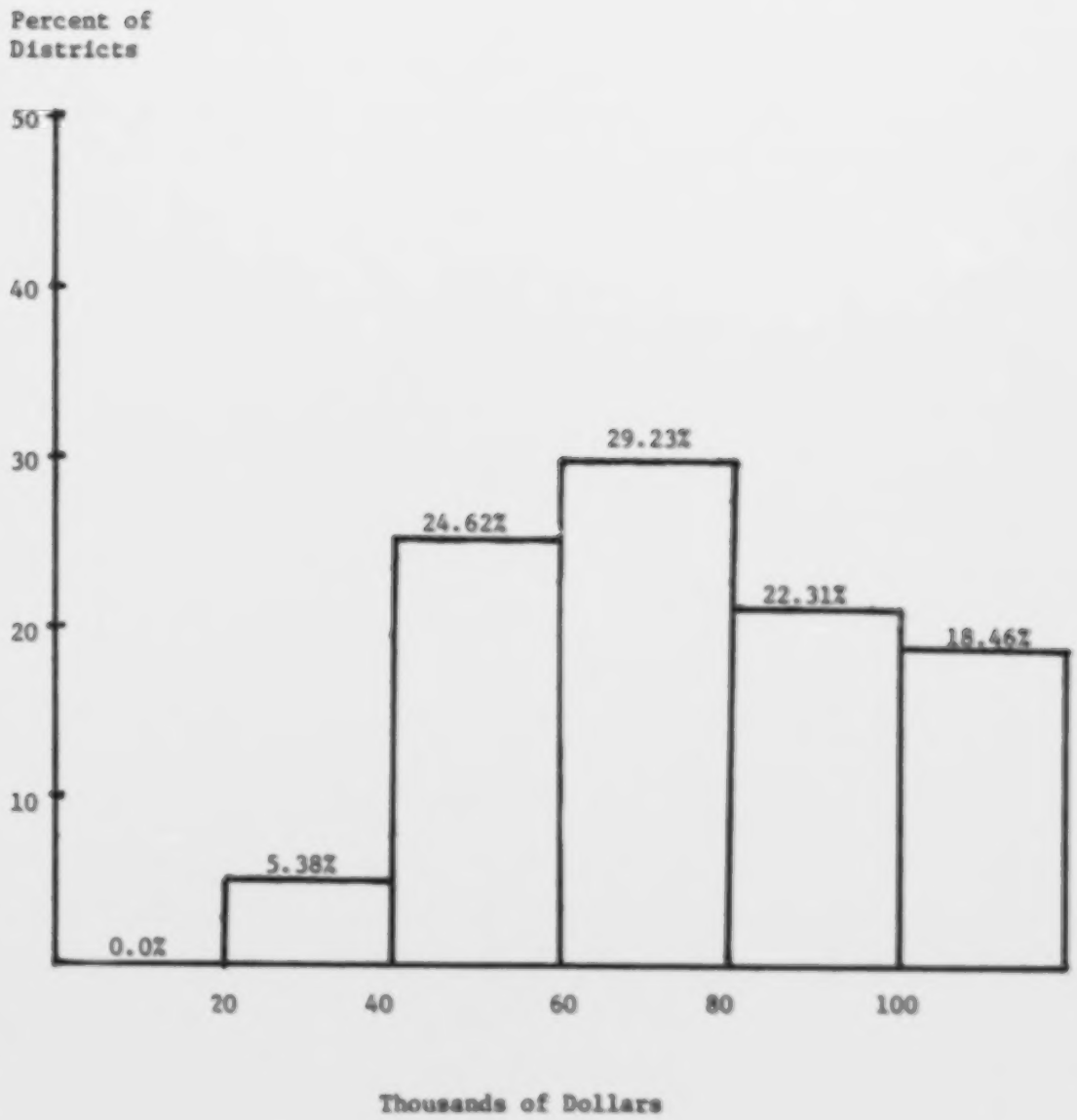
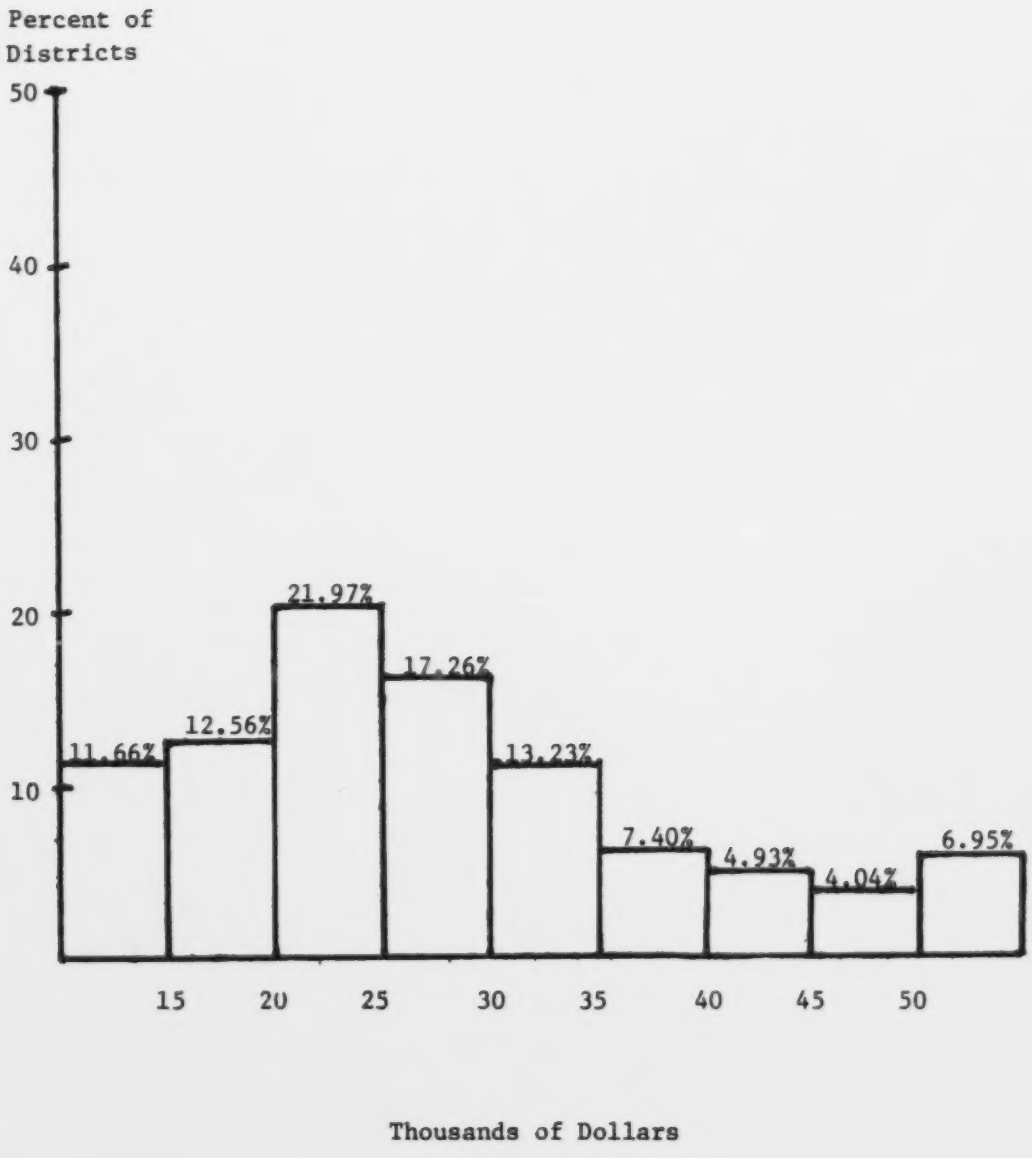


Figure 3

DISTRIBUTION OF UNIT DISTRICT PROPRERTY WEALTH PER PUPIL



Expenditures and Effort

You have seen that wealth in Illinois is defined as property valuation per TWADA and that there are differences among districts in their ability to pay. In part, these differences reflect Illinois' definition of need. However, property wealth alone does not provide a complete picture of the revenue raising ability of districts. Disparities in the ability of districts. Disparities in the ability of districts to raise revenue also depend upon the tax rates districts choose to levy on their wealth.

Table 8 provides summary measures of the tax effort of Illinois' three types of school districts. The largest range in tax rates is among elementary districts, 6.37:1 while the smallest is among high school districts, 3.14 to 1. As Table 8 shows, there are differences in the tax effort; however, how are the tax rates distributed among districts? Table 9, 10, and 11 show the distribution of tax rates for elementary, high school and unit districts, respectively. All three tables indicate disparities in tax effort is widespread among school districts. In no instance are districts fairly concentrated in one or two intervals of tax rates.

TABLE 8

TOTAL TAX RATE FOR EDUCATION 1975
SUMMARY MEASURES

District Type (Number of Districts)	Highest Tax Rate	Lowest Tax Rate	Ratio	Median
Elementary (454)	3.7953	.5956	6.37:1	2.0085
High School (130)	3.204	1.0208	3.14:1	1.782
Unit (446)	5.287	1.3243	3.99:1	1.85

Source: Illinois Office of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order 1975 for Illinois Public Schools (Circular Series A, Number 364) compiled by the Department of Budget and Finance.

*Total tax rates are for 1975 and are greater than a district's operating tax rate.

TABLE 9

DISTRIBUTION OF ELEMENTARY DISTRICTS EDUCATION TAX RATE

	Number of Districts	Percent of Districts
2.0 and above	10	2.20
1.80 - 1.99	17	3.74
1.60 - 1.79	45	9.91
1.40 - 1.59	71	15.64
1.20 - 1.39	88	19.38
1.00 - 1.19	69	15.20
Less than 1.00	154	33.92
	454	

Source: Illinois State Board of Education, Assessed Valuation Per Pupil and Tax Notes in Descending Order, 1975 (Circular Series A, Number 364) compiled by the Department of Budget and Finance, 1977.

TABLE 10

DISTRIBUTION OF HIGH SCHOOL DISTRICTS EDUCATION TAX RATES

	Number of Districts	Percent of Districts
1.50 and above	15	11.54
1.40 - 1.49	7	5.38
1.30 - 1.39	13	10.00
1.20 - 1.29	16	12.31
1.10 - 1.19	17	13.08
1.00 - 1.09	8	6.15
0.90 - 0.99	44	33.85
Less than 0.90	10	7.69
	130	

Source: Illinois State Board of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order, 1975 (Circular Series A, Number 364) compiled by the Department of Budget and Finance, 1977.

TABLE 11

DISTRIBUTION OF UNIT SCHOOL DISTRICTS
EDUCATION TAX RATES

	Number of Districts	Percent of Districts
2.30 and above	27	6.06
2.20 - 2.29	22	4.95
2.10 - 2.19	29	6.51
2.00 - 2.09	99	22.20
1.90 - 1.99	21	4.71
1.80 - 1.89	32	7.18
1.70 - 1.79	19	4.26
1.60 - 1.69	158	35.43
1.50 - 1.59	27	6.06
Less than 1.50	12	2.69
	446	

Source: Illinois State Board of Education, Assessed Valuation Per Pupil and Tax Rates in Descending Order, 1975 (Circular Series A, Number 364) compiled by the Department of Budget and Finance, 1977.

TABLE 12

OPERATING EXPENDITURES PER ADA 1975-76
SUMMARY MEASURES

District Type (Number of Districts)	Highest Expenditure	Lowest Expenditure	Ratio	Median
Elementary (449	$2,727	$ 838	3.25:1	$1,319
High School (128)	4,284	1,272	3.37:1	1,750
Unit (444)	2,868	755	3.80:1	1,385

Source: Illinois State Board of Education, Annual State Aid Claim Statistics Illinois Public Schools, 1976-77. (Circular Series A, Number 359) compiled by the Department of Budget and Finance, 1976.

Thus far you have seen that Illinois widespread disparities in the wealth and tax effort of districts. We should now look at how this differential ability to raise money affects the amount of money that each district spends on education.

Table 12 shows the range in operating expenditures statewide. Although the range in expenditures is about the same among districts of each type, there are substantial differences in the highest and lowest expenditure between district types. For example, the highest expenditure per ADA for high school districts is $4,284 whereas for elementary districts it is only $2,727. These disparities in expenditures reflect differences in the wealth and effort of districts, Tables 13, 14 and 15 show the distribution of operating expenditures for each type of Illinois district, elementary, secondary and unit respectively. Operating expenditures, like wealth and effort, seem to be widely distributed across districts rather than concentrated within a couple intervals.

In this chapter you have seen that there are differences in the wealth, effort and expenditures of districts within Illinois. However, the way you interpret these differences depends on your own value judgment concerning what the relationship is and should be between wealth, effort, need and expenditures.

TABLE 13

DISTRIBUTION OF ELEMENTARY DISTRICTS
OPERATING EXPENDITURES

	Number of Districts	Percent of Districts
$2,000 or above	31	6.90
1,80 - 1,999	16	3.56
1,600 - 1,799	43	9.58
1,400 - 1,599	91	20.27
1,200 - 1,399	130	28.95
1,000 - 1,199	108	24.05
Less than 1,000	30	6.68
	449	

Source: Illinois State Board of Education, 1975-76 Operating Expenditure Per ADA, Computer Printout provided by Office of Research and Statistics, 1977.

TABLE 14

DISTRIBUTION OF HIGH SCHOOL DISTRICTS
OPERATING EXPENDITURES

Range of Operating Expenditures	Number of Districts	Percent of Districts
2,400 and Above	7	5.47
2,200 - 2,399	11	8.59
2,000 - 2,199	18	14.06
1,800 - 1,999	25	19.53
1,600 - 1,799	27	21.09
1,400 - 1,599	29	22.66
Less than $1,400	11	8.59
	128	

Source: Illinois State Board of Education, 1975-76 Operating Expenditure Per ADA, Computer Printout provided by Office of Research and Statistics, 1977.

TABLE 15

DISTRIBUTION OF UNIT DISTRICTS
OPERATING EXPENDITURES

	Number of Districts	Percent of Districts
$1,800 and Above	20	4.50
1,700 - 1,799	20	4.50
1,600 - 1,699	36	8.11
1,500 - 1,599	46	10.36
1,400 - 1,499	85	19.14
1,300 - 1,399	110	24.77
1,200 - 1,299	83	18.69
Less than $1,200	44	9.91
	444	

Source: Illinois State Board of Education, 1975-76 Operating Expenditure Per ADA, Computer Printout provided by Office of Research and Statistics, 1977.

APPENDIX A

AVERAGE DAILY ATTENDANCE

The Average Daily Attendance (ADA) for a school is the total number of attendance days of all pupils in the school divided by the number of days the school was in session. In Illinois, ADA is determined for each month of the school year. Thus, if 100 students attended school for 10 days of a month, 500 students attended school for 15 days and 300 students attended school for 20 days, the total attendance would be 14,500:

$$\begin{aligned} 100 \times 10 &= 1{,}000 \\ 500 \times 15 &= 7{,}500 \\ 300 \times 20 &= 6{,}000 \\ \hline & 14{,}500 \end{aligned}$$

If this school district was in session for 20 days during the month, then its Average Daily Attendance is:

$$14{,}500/20 = 725 \text{ ADA}$$

However, in determining a school's ADA, there are different attendance counts for different types of pupils. Table 1 shows the days of attendance for different categories of pupils. For example, for each 40 minutes of instruction that a part time pupil receives, the pupil may be counted as having been in attendance for 1/6 day. Thus, if a part time student had attended school for 80 minutes in a day, this pupil would count as having been in attendance 1/6 x 2 or 1/3 of a day.

TABLE 1

DAYS OF ATTENDANCE REQUIREMENTS

Pupil Category	Days of Attendance	Instruction Requirement
Pre-Kindergarten Handicapped	1/2 Day	Not Less than 1 Hour
Kindergarten	1/2 Day	2 or More Hours
Grade 1	1 Day	Not Less than 4 Hours
Elementary (Grade 1-8)	1 Day	Not Less than 5 Hours
High School (Grades 9-12)	1 Day	Not Less than 5 Hours
Part time	1/6 Day	Each 40 Minutes
Hospitalized or Homebound	1/2 Day	4 or More Hours
	1 Day	Not Less than 1 Hour

In Illinois, the Best Six Months Average Daily Attendance is the basic pupil count. The same procedure for determining a district's Best Six Months ADA is used whether the district receives state aid under the Resource Equalizer Aid Program or the Minimum Foundation Program (Strayer-Haig). Using data for a hypothetical unit district, the Best Six Months ADA requires the following steps:

1. Establish the number of pre-kindergarten handicapped, kindergarten, elementary (grades 1-8) and high school (grades 9-12) pupils attending school for each month of the regular (9 month) school year. The first month is that ending September 30 and the last month of the school year is that beginning May 1.

2. For each month, add the number of attending pupils in each program category (i.e., pre-kindergarten handicapped, kindergarten, elementary and high school) to obtain the total attendance for the district during each month.

3. Divide the total attendance in the district during each month by the number of days school was in session during the month to obtain the Average Daily Attendance for each month.

4. Identify the six months of highest ADA.

5. To obtain the best six months ADA for pre-kindergarten handicapped, kindergarten and grades 1-8:

   a. Add attendance in these program categories for each of the six months determined in Step 4.

   b. Divide the total attendance in these programs during the six months by the total number of days school was in session during the same six months.

6. To obtain the best six months ADA for high school:

   a. Add attendance in this program category for the six months identified in Step 4.

   b. Divide total attendance by the total number of days school was in session during the same six months.

APPENDIX B

ILLINOIS MINIMUM FOUNDATION PROGRAM

Prior to the enactment of the Resource Equalizer Aid Program in 1973, the basic mechanism for the distribution of state aid to school districts was the Minimum Foundation Program (Strayer-Haig). School districts may still use the Minimum Foundation Program rather than the Resource Equalizer Aid Program as the basis of state aid. Under Illinois' Minimum Foundation Program, each school district is guaranteed a basic amount of money for the cost of each pupil's education. This guaranteed amount is known as the Foundation Amount. Local school districts must contribute to this guaranteed amount. The local share is determined by levying a tax rate on a district's property valuation. The amount raised by a district for the cost of each pupil's education from the state set tax rate is known as the Required Contribution. State aid per pupil is the difference between the Foundation Amount and the district's Required Contribution. Thus,

State Aid Per Pupil	=	Foundation Amount Per Pupil	-	Required Contribution Per Pupil

Foundation Amount

Illinois' Minimum Foundation Program guarantees a fixed amount of dollars for each student's education called the Foundation Amount. This amount is intended to cover the basic cost of each student's education. The Foundation Amount established for Illinois' aid formula is $520 per pupil. This amount applies to each of the three types of Illinois school districts: Elementary, High School and Unit districts. Substituting in the general foundation formula above, State Aid per pupil is the difference between the state guaranteed $520 and a district's Required Contribution. Thus,

State Aid Per Pupil	=	$520	-	Required Contribution Per Pupil

In order to determine the amount of state aid per pupil for a district, it is first necessary to calculate the district's Required Contribution.

Required Contribution

A district's Required Contribution is a district's property valuation multiplied by a state determined tax rate, known as the Required Tax Rate. Thus,

Required Contribution	=	Property Valuation	x	Required Tax Rate

The Required Tax Rate is a uniform tax rate set by the state. Table 1 shows the Required Tax Rates used in the Minimum Foundation Program.

TABLE 1

REQUIRED TAX RATES

Type of District	Required Tax Rate
Elementary (100 or More WADA)	.0084
(Less than 100 WADA)	.0090
High School (100 or More WADA)	.0084
(Less than 100 WADA)	.0090
Unit	.0108

Note in Table 1:

- Elementary and high school districts have a different required tax rate than unit districts.
- A higher required tax rate is used by elementary and high school districts with less than 100 WADA.

The Required Tax Rate is applied to a district's property valuation per pupil to obtain the Required Contribution. A district's property valuation per pupil is found by dividing the district's total equalized assessed valuation by the number of TWADA in the district. TWADA used in the Foundation Program is calculated somewhat differently from TWADA used in the Resource Equalizer Aid Program.

ADA and WADA are calculated in the same way as under the Resource Equalizer Aid Program. Thus, high school pupils have a weight of 1.25. The difference in the two counts is the weighting for Title I eligibles.[1] Remember, under the Resource Equalizer Aid Program, separate Title I weights are calculated for each district. However, under the Foundation Program, these students have a weight of .45 in every district.

Table 2 shows the calculation of TWADA for a hypothetical unit district participating in the Foundation Program.

TABLE 2

CALCULATION OF TITLE I WEIGHTED AVERAGE DAILY ATTENDANCE (TWADA)

Educational Program	Program Weighting	ADA	WADA
Pre-Kindergarten Handicapped ADA	1.00	75	75
Kindergarten ADA	1.00	100	100
Grades 1-8 ADA	1.00	300	300
Grades 9-12 ADA	1.25	240	300
			775 WADA
Title I Eligibles	.45	500	225
			1,000 TWADA

Note in Table 2:

- Weighted Average Daily Attendance (WADA) for a program category is found by multiplying the number of ADA in the program category by the associated weighting.
- A district's weighted Title I students are its Title I eligibles multiplied by the Title I weight of .45.
- A district's TWADA is the sum of weighted ADA (WADA) in each program category and weighted Title I students.

[1]The definition of Title I eligibles can be found in the Glossary.

Once you have determined the TWADA for a district, you can obtain a district's Required Contribution per pupil. Assume our hypothetical unit district in Table 2 has an equalized assessed property valuation of $10,000,000. Determining this district's Required Contribution per pupil requires two steps:

1. Determine the district's property valuation per TWADA by dividing the equalized assessed property valuation by TWADA:

   $10,000,000/1,000 = $10,000

2. Determine the Required Contribution per TWADA by multiplying the property valuation per TWADA by the Required Tax Rate for a unit district of .0108.

   $10,000 x 0.0108 = $108

Illinois' Foundation Program also allows districts to use an alternative calculation of TWADA. A district chooses the calculation that yields a higher pupil count. The alternative calculation is the district's average WADA during the three prior school years plus its current year weighted Title I eligibles. For example, if our hypothetical district in Table 2 had 650 WADA, 700 WADA and 750 WADA during the three prior years, its average WADA for the three years would be (2,100 divided by 3) or 700 WADA. It has 225 weighted Title I eligibiles for the current year. Thus, using the alternative calculation it has (700 + 225) or 925 WADA. This district would not use the alternative calculation of TWADA since its TWADA under the current year count is 1,000 rather than 925.

Districts with high property values per TWADA have a higher Required Contribution than districts with low property values. For example, Table 3 shows the Required Contribution per TWADA for three hypothetical unit school districts. District A with a valuation of $10,000 per TWADA is required to contribute $108 per TWADA, whereas District C with a valuation of $40,000 is required to contribute $432.

TABLE 3

CALCULATION OF REQUIRED CONTRIBUTION PER PUPIL
(THREE UNIT DISTRICTS)

	Property Valuation Per Pupil	Required Tax Rate	Required Contribution Per Pupil
District A	$10,000	.0108	$108
District B	20,000	.0108	216
District C	40,000	.0108	432

State Aid

Now that you have seen how to determine the Required Contribution, you can determine State Aid. State Aid under this program is often referred to as Special Equalization Aid. One purpose of Illinois' Minimum Foundation Program is to lessen the disparity in the ability of districts to raise revenue. Therefore, low wealth districts receive more State Aid than high wealth districts. Remember,

State Aid Per Pupil = $520 - Required Contribution Per Pupil

Recall that our elementary District A with a valuation of $10,000 per TWADA has a Required Contribution of $108 per TWADA. Thus, State Aid for this district is:

State Aid Per Pupil = $520 - $108

= $412

You have already seen that the Required Contribution increases as the property valuation per pupil increases. Table 4 shows the State Aid per pupil for the same three unit districts. Districts A receives $212 of State Aid per pupil whereas District C receives only $88 per pupil.

TABLE 4

CALCULATION OF STATE AID
(Three Unit Districts)

District	Property Valuation Per Pupil	Foundation Amount	Required Contribution Per Pupil	State Aid Per Pupil
A	$10,000	$ 520	$ 108	$ 412
B	20,000	520	216	304
C	40,000	520	432	88

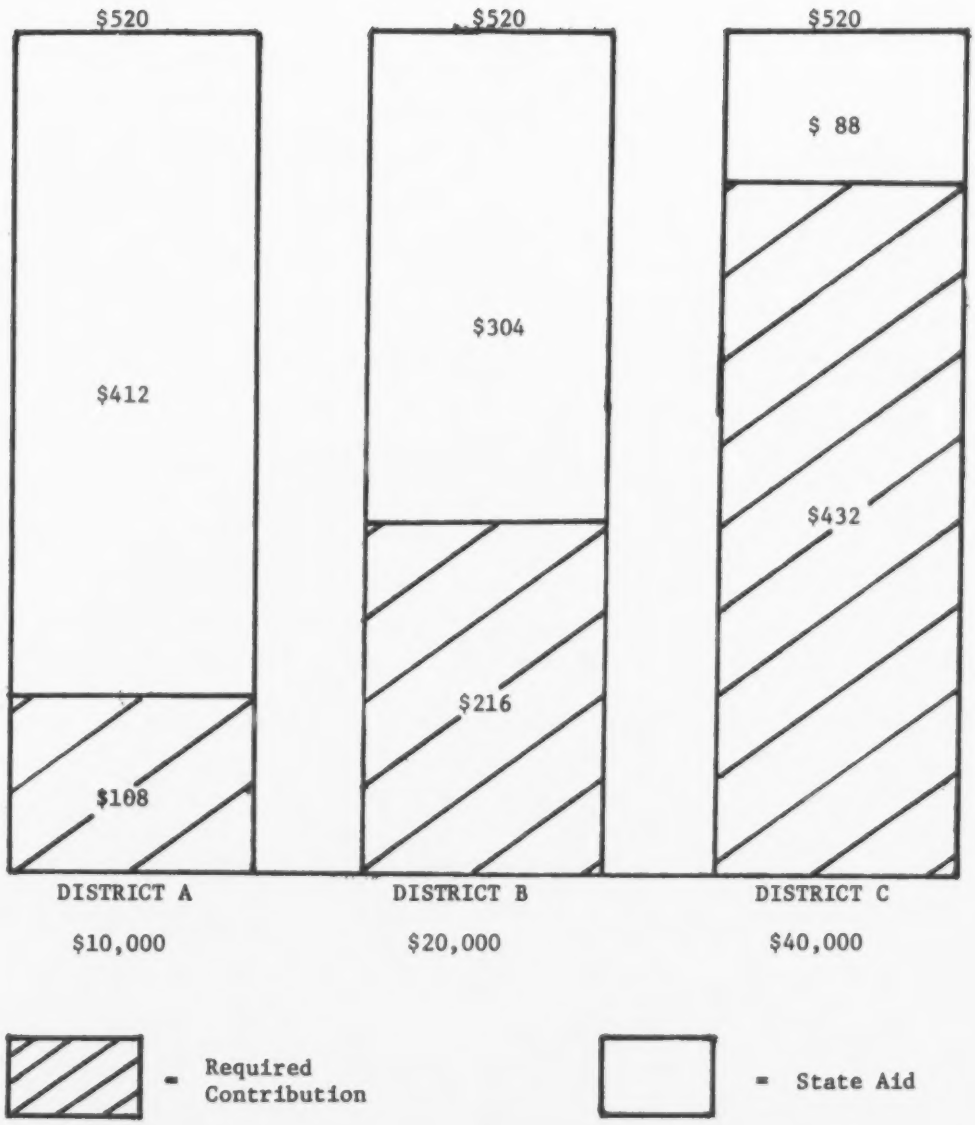
Figure 1 shows the Required Contribution and State Aid as components of the Foundation Amount for the three unit districts in Table 4.

Note in Figure 1:

- The property value per pupil is listed at the bottom of each bar.
- The Foundation Amount is displayed at the top of each bar.
- The Required Contribution is the marked area at the bottom of each bar.
- State Aid per pupil is represented by the white area. State Aid makes up the difference between the Foundation Amount and Required Contribution.

Figure 1

STATE AID AND REQUIRED CONTRIBUTION AS COMPONENTS
OF FOUNDATION AMOUNT
(Three Unit Districts)



Alternative Method for Calculating State Aid

Under the Foundation formula it is possible for a district to raise more than the state guarantee at the required tax rate or to have such a high Required Contribution that it receives very little State Aid. To alleviate this problem, the state allows districts to calculate aid under an alternative formula and to select the formula which results in the highest State Aid per pupil. Districts that receive less than $120 per pupil of State Aid under the Minimum Foundation formula are eligible to use the Alternative Method to calculate State Aid. A district's State Aid using the Alternative Method is a percentage of $120, Thus,

State Alternative Aid Per Pupil = District Percent x $120

District Percent

The district percent is found by dividing a qualifying property valuation per pupil by the district's property valuation per pupil. Thus,

District Percent = Qualifying Property Valuation Per Pupil ÷ District Property Valuation Per Pupil

The Qualifying Property Valuation is the per pupil valuation necessary to obtain $120 in State Aid under the Minimum Foundation formula. Table 5 shows these valuations for the different types of districts.

TABLE 5

QUALIFYING PROPERTY VALUATIONS

Type of District	Property Valuation Per TWADA
Elementary (100 or More WADA)	$47,619
(Less than 100 WADA)	44,444
High School (100 or More WADA)	47,619
(Less than 100 WADA)	44,444
Unit	37,037

Districts which have property valuations greater than those displayed in Table 5 qualify to calculate State Aid using the alternative Method since these districts would receive less than $120 in State Aid.

The district percent for a unit district with a property valuation of $60,000 per pupil would be ($37,037 divided by $60,000) or .62. Lower wealth districts have a higher percentage than high wealth districts. Table 6 shows the calculation of the district percent for three unit districts. The percent for District C with a valuation of $60,000 is .62, whereas for District A with a valuation of $40,000 per pupil it is .93.

TABLE 6

CALCULATION OF DISTRICT PERCENTAGE
(Three Unit Districts)

District	Qualifying Property Valuation Per Pupil	Property Valuation Per Pupil	District Percent of $120
A	$37,037	$40,000	.93
B	37,037	50,000	.74
C	37,037	60,000	.62

State Alternative Aid

Now that you have seen how to determine the District's Percent, you can determine State Alternative Aid. Remember,

State Alternative Aid Per Pupil = District Percent x $120

Table 7 shows the calculation of State Alternative Aid for our three unit districts in Table 6. Lower wealth districts receive a larger percentage of $120 as State Alternative Aid than high wealth districts. District A with a valuation of $40,000 receives .93 percent of $120 or $111.60 per pupil, whereas District C with a valuation of $60,000 receives only .62 percent of $74.40 in State Alternative Aid.

TABLE 7

CALCULATION OF STATE ALTERNATIVE
(Three Unit Districts)

District	Qualitying Property Valuation Per Pupil	Property Valuation Per Pupil	District Percent of $120	State Alternative Aid Per Pupil (Percent x $120)
A	$37,087	$40,000	.93	$111.60
B	37,037	50,000	.74	88.80
C	37,037	60,000	.62	74.40

Eligible districts receive more Alternative Aid than they would receive in Special Equalization Aid under the Foundation Program. Table 8 shows the calculation of Foundation Aid for the three unit districts in Table 7. District A receives $111.60 in State Alternative Aid whereas it would receive only $88 in Special Equalization Aid. District B and District C would receive no Special Equalization Aid under the Foundation Program, but do receive Alternative Aid.

TABLE 8

CALCULATION OF SPECIAL EQUALIZATION AID
(Three Unit Districts)

District	Property Valuation Per Pupil	Foundation Amount	Required Tax Rate	Required Contribution Per Pupil	State Aid Per Pupil
A	$40,000	$520	.0108	$432	$88.00
B	50,000	520	.0108	540	0.00
C	60,000	520	.0108	648	0.00

Assured State Aid Amount

You have just seen that there are two methods of calculating State Aid under the Illinois Foundation Program. In addition to allowing districts to calculate aid under two formulas, the plan assures that no district will receive less than $48 per pupil in formula aid. This floor on State Aid is referred to as the Flat Grant formula. Districts that would recieve less than $48 per pupil using the Alternative Method still receive $48 per pupil of state aid. For example, a unit district with a property valuation of $150,000 per pupil would receive $30 per pupil of state aid under the Alternative Method:

State Alternative Aid Per Pupil = ($37,037/$150,000) x $120

= .25 X $120

= $30

However, because of the Flat Grant formula, this district will receive $48 per pupil.

Table 9 shows the property values for each type of district at which the use of each formula becomes an advantage, e.g., a district will obtain more State Aid per pupil. For example, a unit district with a property valuation per pupil less than $37,037 benefits the most from the Foundation formula; one with a property valuation per pupil greater than $92,592 receives the most State Aid per pupil under the Flat Grant "formula."

TABLE 9

RANGER OF PROPERTY VALUATIONS PER PUPIL FOR WHICH DIFFERENT FORMULAS ARE ADVANTAGEOUS

State Aid Formula	Elementary or High School District (100 or More WADA)	Elementary or High School District (Less than 100 WADA)	Unit District
Minimum Foundation	$47,619 or Less	$44,444 or Less	$37,037 or Less
Alternative Method	47,620-$119,047	44,445-$111,110	37,038-$92,592
Flat Grant	More than $119,047	More than $111,110	More than $92,592

Total State Aid

Once state aid per pupil is determined, the district's total state aid can be calculated. This is the district's state aid per pupil multiplied by the district's TWADA. This total amount is increased 25 percent. Thus,

Total State Aid	=	State Aid Per Pupil	x	TWADA x 1.25

As in the Resource Equalizer Aid Program, total state aid distributed under these programs is subject to a ceiling. It cannot exceed a 25 percent increase in the previous year total prorated state aid.

APPENDIX C

RESOURCE EQUALIZER AID PROGRAM GROWTH DISTRICT ENTITLEMENT[1]

You have already seen that the Resource Equalizer Aid Program helps districts which are experiencing declining enrollments by providing an alternative calculation of pupil. It also compensates districts which have increasing enrollments by providing additional state aid called the Growth District Entitlement. A district that has more WADA during the current year than in any prior year since the existence of the Resource Equalizer Aid Program, including 1972-73, is eligible for the Growth District Entitlement. In order to determine a district's entitlement, a district must first determine if it receives more aid per pupil from: (1) Special Equalization Aid, (2) Alternative Method Aid or (3) Flat Grant Aid. The calculation of aid is the same as under the Minimum Foundation Program explained in Appendix B. However, the pupil count used to determine per pupil property valuation is WADA rather than TWADA. In addition, the equalized valuation used in the calculation is the 1971 valuation.

(1) Special Equalization Aid

State Special Equalization Aid is the difference between the Foundation Amount of $520 and the District's Required Contribution:

State Special Equalization Aid = $520 - Required Contribution

A District's Required Contribution for the purposes of Growth Entitlement is determined by (1) divide its 1971 property valuation by its current year WADA, and (2) multiplying this property valuation by the required tax rate. The required tax rates are the same as those used under the Foundation Program. Thus, a unit district with a 1971 property valuation of $40,000,000 and a current year WADA of 1,000 would have a per pupil valuation of $40,000 and a Required Contribution of .0108 x $40,000 or $432. This district would receive $520 - $432 or $88 in Special Equalization Aid.

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[1] You should read Appendix B on the Foundation Program before reading this Appendix.

(2) Alternative Method Aid Formula

Districts that receive less than $120 in Special Equalization Aid, calculate their state aid by the Alternative Method. Under this method, State Aid is the District Percent multiplied by $120:

State Aid	=	District Percent	x	$120

The District Percent is the Qualifying Property Valuation per pupil divided by the District Property Valuation per pupil. The Qualifying Property value is the property valuation per pupil necessary to produce $120 per pupil in Special Equalization Aid. For purposes of Growth Entitlement, the District Property valuation per pupil is the 1971 equalized valuation divided by the current year WADA. For a unit district the Qualifying Property value is $37,037. Thus, our unit district would have a district percent of $37,037/$40,000 or .93. It would receive .93 x $120 or $111.60 in Alternative Aid. This district receives more Alternative Aid than Special Equalization Aid.

(3) Flat Grant

Under Growth District Entitlement the Flat Grant remains at $48 per pupil. However, the pupil count is WADA rather than TWADA.

Actual Growth Entitlement

Once you have calculated a district's aid under each of the three formulas and determined the largest per pupil aid amount, it is possible to determine a district's actual total growth entitlement. This requires several steps. As an example, we will use our hypothetical district with 1,000 WADA and which receives $111.60 per WADA of aid under the Alternative Method.

Step 1: Determine its base total growth aid. This is its per pupil aid multiplied by the number of WADA in the district.

$111.60 x 1,000 = $111,600

Step 2: Every district's total growth aid is increased 19 percent. This is the district's base total growth aid multiplied by 119 percent or 1.19

$111,600 x 1.19 = $132,804

Step 3: A district's current year total growth aid is compared with that of prior years, including its 1972-73 general state aid entitlement. A district's total growth aid with the 19 percent add-on for the current year (Step 2) is subtracted from whichever of the following amounts is the largest:

1972-73 Actual General State Aid Entitlement	$120,000
1973-74 Growth District Claim Amount	$130,000
1974-75 Growth District Claim Amount	$135,000
1975-76 Growth District Claim Amount	$140,000

For our example district, its 1975-76 Growth Aid Claim Amount, $140,000, was the largest. Its current year claim, $132,804 is subtracted from this amount to obtain its actual growth district entitlement. This district's current entitlement is then $140,000 - $132,804 or $87,196. Its per pupil entitlement is thus $87,196.

The Growth District Entitlement can also include a density bonus. This applies to districts with more than 10,000 WADA. The following two steps are necessary to calculate the density bonus:

Step 1: Multiply $520 by the district's WADA.

Step 2: Multiply the amount in Step 1 by a density factor ranging from 4 percent to 16 percent. Districts with 10,000 to 19,999 WADA use 4 percent; districts with 20,000 WADA use 12 percent and districts over 200,000 WADA use 16 percent.

For example, a district with 25,000 WADA will determine its density bonus by first multiplying 25,000 x $520 to obtain $13,000,000. Then it will apply its density factor of 8 percent. The density bonus for this district is $13,000,000 x .08 or $1,040,000. The bonus per pupil is $1,040,000 divided by 25,000 or $41.60.

Once the Growth District Entitlement is obtained, it is added to a district's Maximum State Aid amount in the determination of the actual total state aid the district will receive.

APPENDIX D

SAMPLE PROCEDURE

The sample used in Chapter 2 is a selected sample of approximately 10 percent of the wealthiest and 10 percent of the poorest central city, suburban, independent and rural unit districts in Illinois. District wealth was measured as the 1974 assessed valuation per the 1975-76 best six months average daily attendance (ADA). Two of the nine Illinois central city unit districts are included in the sample; 6 of 48 suburban unit districts; (i.e. districts outside of a central city with more than 50 percent of its population living in urbanized areas); 8 of 78 independent unit districts (i.e. ones outside Standard Metropolitan Statistical Area (SMSA) with more than 50 percent of its population in urbanized areas) and 30 of 311 rural unit districts (ones that may be within or outside of an SMSA with less than 50 percent of its population residing in urbanized areas).

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GLOSSARY

AFDC: Aid to Families with Dependent Children (Title IV, Social Security Act) provides federal assistance to low-income families. The numbers of pupils, ages 5-17 years, in a school district whose families receive this benefit are used to determine the district allocation for Title I, Aid to Educationally Deprived Children, of the Elementary and Secondary Education Act.

ASSESSED VALUATION: The total value of the real property and corporate personal property of a school district, as determined by assessment, which provides a basis for levying taxes.

AVERAGE DAILY ATTENDANCE (ADA): The aggregate number of pupil days in attendance divided by the number of days in the school session. A pupil who attends school for five or more clock hours while school is in session constitutes one pupil day of attendance. The computation period for the average daily attendance used to determine General State Aid is the six months with the highest average daily attendance. The determination for per capita tuition charge is based on the entire regular session. For purposes of certain funding formulas, specified classes of pupils receive an additional fractional weighting, providing a weighted average daily attendance (WADA).

COMMON SCHOOL: A term used interchangeably with "local education agency," "local school district," and "public school."

DUAL SCHOOL SYSTEM: The situation in which a separate elementary district (grades pre-K-8) and a high school district (grades 9-12) exist in a given geographical area.

FOUNDATION LEVEL: The 1976-77 Strayer-Haig Formula guarantees that a school district shall have access to $520 per pupil in the best six months' WADA through a combination of local revenue, plus the flat grant or special equalization aid. The alternate method of computation and the 25 percent add-on factor increases the foundation level to an amount in excess of $520. The Resource Equalizer Aid Formula provides a foundation level of $1,260 per ESEA-Title I WADA pupil concentrated when the district has an operating tax rate equal to or in excess of 1.90 percent, 1.05 percent, or 2.90 percent for elementary, high school, and unit districts, respectively.

EQUALIZED ASSESSED VALUATION: The total value of the real property and corporate personal property of a district determined by assessment and application of multipliers, which are calculated and assigned by the county board of review and the Illinois Department of Local Government Affairs. Theoretically, this system equalizes property assessments throughout the State at 33 1/3 percent of fair market value of the property.

OPERATING TAX RATE: A school district's total tax rate less the tax rate for bond and interest, rent, special education construction, vocational education construction, summer school, and capital improvements.

ORSHANSKY INDEX: Method for updating annually the poverty level used for determining ESEA-Title I eligibility based on 1970 census data for a non-farm family of four factored by the Consumer Price Index.

TAX RATE LIMIT: The tax rate limit is the maximum tax rate that the county clerk may extend. The General Assembly authorizes maximum tax rates without referendum, but districts may increase tax rates, within limits, subject to voter approval. A limited number of levies are allowable without a tax rate limit.

TAX RATE ROLLBACK: House Bill 1, 1976, abolished the tax rate rollback provision.

TEACHERS' ORDERS: Teachers' payroll warrants issued by a school district which may be cashed at a local bank. By agreement between the school district and the bank, the district will redeem the orders at some future date (with tax receipts) and pay the bank a stipulated rate of interest not to exceed eight percent.

TITLE I ELIGIBLES: Students defined by Title I of the Elementary and Secondary Education Act, as amended. These students include 1) children aged 5 to 17 from families with an annual income below the Orshansky poverty level; 2) two-thirds of the children aged 5-17 from families receiving funds under Aid to Families with Dependent Children (AFDC) with an annual income above the Orshansky poverty level for a non-farm family of four; 3) children aged 5 to 17 living in institutions for neglected or delinquent children; and 4) children aged 5 to 17 being supported in foster homes with public funds.

UNIT DISTRICT: A school district that encompasses all grade levels (pre-K-12). A term used interchangeably with a 12-grade district.

ANSWER KEY

Answers to Exercises on Guaranteed Tax Base

1.	c	3/100 = .03
2.	b	$66,300 x .014 = $928.20
3.	d	$43,500 x .025 = $1,087.50
4.	c	$120,000 x .0095 = $1,140
5.	d	$120,000 x .0075 = $900
6.	c	$43,500 x .025 = $1,087.50

Answers to Exercises on Maximum Guarantee

7. b

1) Maximum Tax = .0190

2) $66,300 x .0190 = $1,260

8. a

1) Maximum Tax = .0105

2) $122,000 x .0105 = $1,260

9. d

1) Maximum Tax = .0290

2) $43,500 x .0290 = $1,260

10. c

Maximum Guarantee = $1,260

Answers to Exercises on District Tax Base

11. d

1) Weighted High School ADA
1.25 x 2,500 = 3,125

2) District WADA
400 + 5,00 + 3,125 = 8,525

12. c

$10,000,000/500 = $20,000

13. c

2,400/15,00 = 0.16

14. b

1) 0.16/.1764 = 0.90

2) 0.90 x 0.375 = 0.34

15. c

0.34 x 2,400 = 816

16. c

816 + 15,000 = 15,816

17. b

$350,000,000/15,816 = $22,129

Answers to Exercises on Local Share

18. b

$30,000 x .016 = $480

19. a

1) $20,000,000/1,000 = $20,000

2) Maximum Tax = .0105

3) Local Share
$20,000 x .0105 = $210

20. a

1) Tax Base Per Pupil
$18,750,000/1,250 = $15,000

2) Local Share
$15,000 x .025 = $375

21. c

1) TWADA
2,000 + 100 = 2,100

2) $42,000,000/2,100 = $20,000

3) $20,000 x .025 = $500

22. d

1) TWADA
1,500 + 500 = 2,000

2) Tax Base Per Pupil
$46,000,000/2,000 = $23,000

3) Maximum Tax = .0105

4) Local Share
$23,000 x .0105 = $241.50

Answers to Exercises on Alternative Calculation of Local Share

23. d

Current Year Method
1,100 + 100 = 1,200

Averaging Method

1) 1,300 + 1,425 + 1,475 = 4,200

2) 4,200/3 = 1,400

3) 1,400 + 100 = 1,1500

24. a

$22,500,000/1,500 = $15,000

25. c

$15,000 x .0155 = $232.50

26. d

Current Year Method

1,600 + 500 = 2,100

Averaging Method

1,500 + 500 = 2,000

27. a

$84,000,000/2,100 = $40,000

28. b

$40,00 x .01025 = $410

29. d

1) Tax Base Per Pupil
$84,000,000/2,000 = $42,000

2) Local Share
$42,000 x .01025 = $430.50

Answers to Exercises On State Aid

30. d

$1,150 - $250 = $900

31. c

1) Local Share
$75,000 x .0102 = $765

2) State Aid
$1,224 - $765 = $459

32. b

1) Guaranteed Revenue
$43,500 x .0290 = $1,260

2) Local Share
$35,000 x .0290* = $1,015

3) State Aid
$1,260 - $1,015 = $245

*Maximum Tax Rate for Unit

33. b

1) Guaranteed Revenue
$66,300 x .014 = $928.20

2) Tax Base Per Pupil
$55,500,000/2,500 = $22,200

3) Local Share
$22,200 x .014 = $310.80

4) State Aid
$928.20 - $310.80 = $617.40

34. a

1) Guaranteed Revenue
$43,500 x .025 = $1,087.50

2) Tax Base Per Pupil
$48,000,000/2,400 = $22,000

3) Local Share
$22,000 x .025 = $550

4) State Aid
$1,087.50 - $550 = 537.50

Answers to Exercises On State Aid (continued)

35. c

1) Guaranteed Revenue
.0095 x $120,000 = $1,140

2) Current Year TWADA
4,000 + 500 = 4,500

3) Averaging Method TWADA
4,300 + 3,800 + 3,800 = 11,900

11,900/3 = 3,966

3,966 + 500 = 4,466

4) Best TWADA = 4,500

5) Tax Ban Per Pupil

$90,000,000 = $20,000

6) Local Share
$20,000 x .0095 = $180

7) State Aid
$1,140 - $180 = $960

Answers to Exercises on Total State Aid

Total State Aid = State Aid Per Pupil x TWADA

Total Prorated State Aid = Total State Aid x Percent of Proration

Maximum State Aid = Total Prorated State Aid for Prior Year x 1.25

36. a

$840,000 x 1.25 = $1,050,000

37. a

1) State Aid Per Pupil
$957 - $550 = $407

2) Total State Aid
$407 x 1,500 = $610,500

3) Maximum State Aid
$485,000 x 1.25 = $606,250

38. a

1) Guaranteed Revenue
$66,300 x .012 = $795.60

2) Local Share
$50,000 x .012 = $600

3) State Aid Per Pupil
$795.60 - $600 = $195.60

4) Total State Aid
$195.60 x 1,000 = $195,600

5) Maximum State Aid
$190,000 x 1.25 = $237,500

*U.S. GOVERNMENT PRINTING OFFICE : 1979 O-631-361/2872